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NATION'S BUSINESS

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CHANGING conditions have placed many new demands on American business, but none greater than the need for *speed* and *accuracy* in the exchange of written information with branch offices or other concerns . . . in the same city or across the continent.

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BELL SYSTEM TELETYPEWRITER SERVICE

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$200 a Month beginning at age 55

Suppose you decide that you want to be able to retire on $200 a month beginning at age 55. Here is what you can get:

1 A check for $200 when you reach 55 and a check for $200 every month thereafter as long as you live.

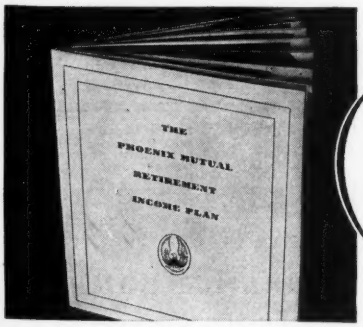
This important benefit is available alone; but if you are insurable, your Plan can also include:

2 A life income for your wife if you die before retirement age.

3 A monthly disability income for yourself if, before age 55, total disability stops your earning power for six months or more. It sounds too good to be true. But it *is* true. There are no "catches" in it, for the Plan is guaranteed by an 83-year-old company with over half a billion dollars of insurance in force. If you want to retire some day, and are willing to lay aside a portion of your income every month, you can have freedom from money worries. You can have all the joys of recreation or travel when the time comes at which every man wants them most.

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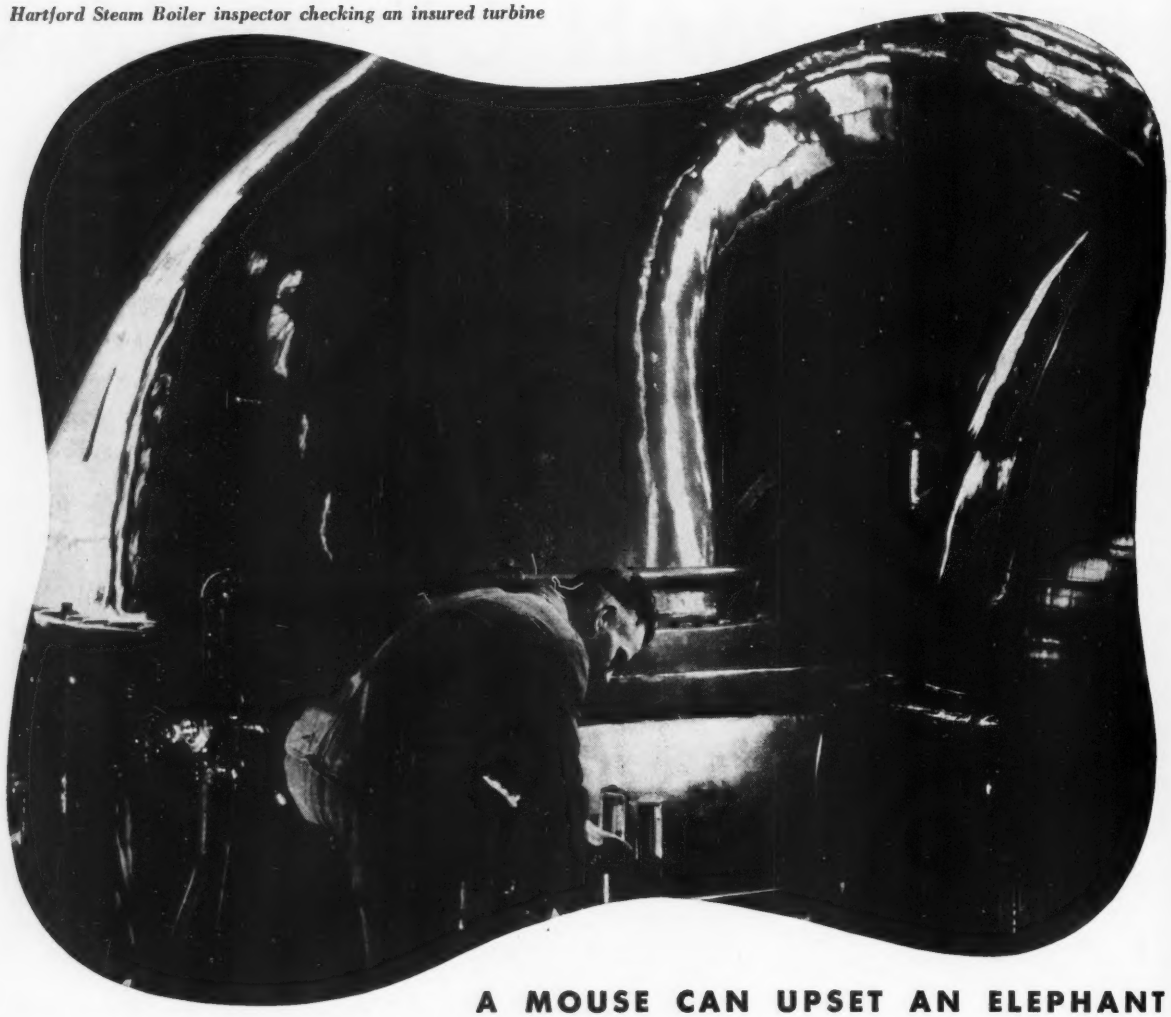
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Hartford Steam Boiler inspector checking an insured turbine



A MOUSE CAN UPSET AN ELEPHANT

A SLENDER blade of a steam turbine, if suddenly snapped, can strip off many other blades and silence 100 tons of costly machinery for days or even weeks. Sometimes it can wreck the whole unit. . . . The breaking off of a small bolt for fastening the blower to the rotor can lead to the tearing out of a generator's windings and put the machine completely out of service. . . . Think of such accidents in terms of property damage, orders unfilled, sales canceled, profits lost. Then the "mouse" in the power house assumes real and dangerous proportions.

The business of The Hartford Steam Boiler Inspection and Insurance Company is twofold. First, to insure against direct loss from power equipment explosions or breakdowns, and, if desired, against loss from the business interruptions which they cause. Second, that the insurance may be a good risk, to minimize the chance of accidents occurring. To that end, an organization of about 350 trained and practical inspectors, located at strategic points over the country, check periodically every piece of power, pressure, and refrigerating apparatus protected by this Company.

Few bodies of men have so won the confidence of industry as have these inspectors. Many of them have been with the Company for ten, twenty, even thirty years. And guiding this field force, training them, instructing them in the latest engineering developments, are engineering staff members whose experience and research have made them recognized authorities on the construction and safe operation of power equipment.

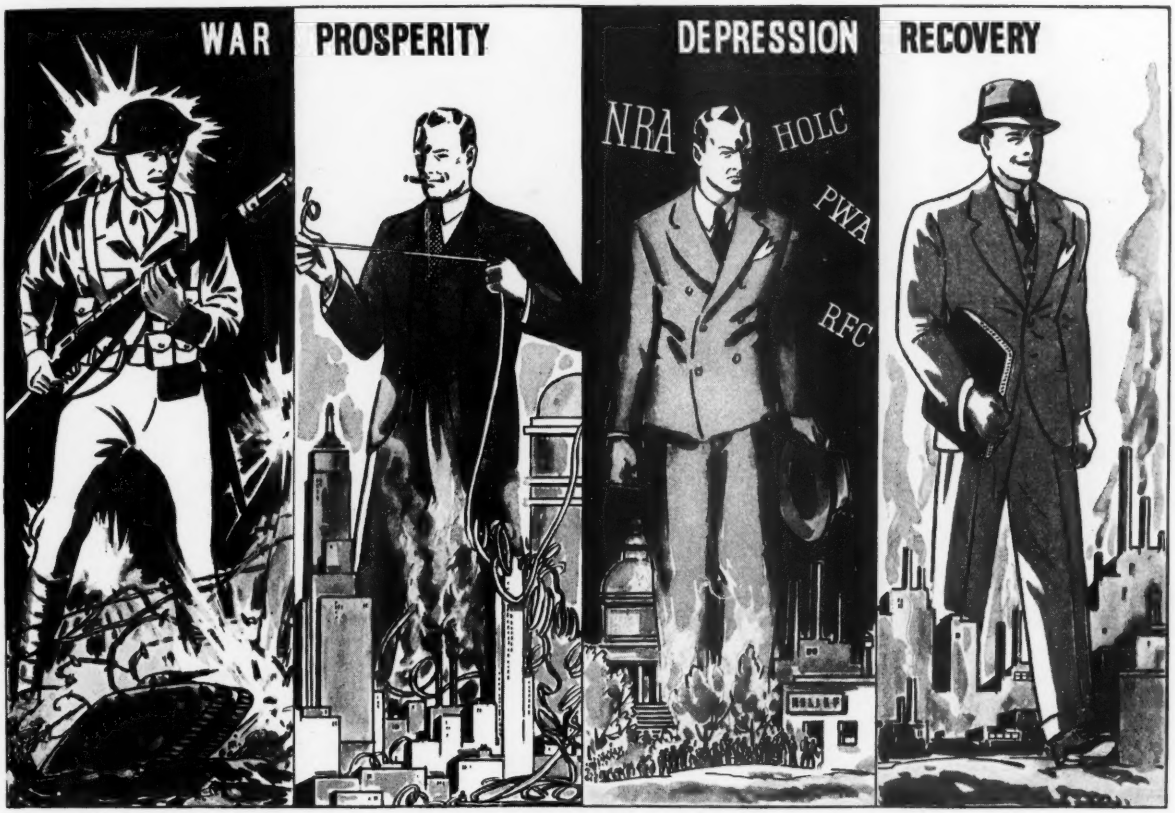
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HARTFORD, CONNECTICUT



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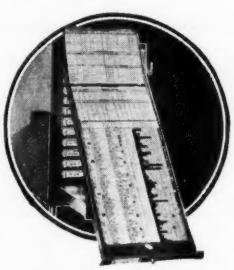
● After the War, Business followed the example of governments and filled our factories with orders beyond the capacity to produce. Acme Visible Equipment was used to increase the production of every worker and executive, at a time when "production" was the watchword.

● Later, when the Nations of the World decided that economic conditions would not cure themselves they again turned to Visible Equipment and the larger portion of Acme products was required to direct the efforts of governments to "Lick the Depression." They knew that Acme not only would double and treble the effectiveness of individual workers but through them multiply the accomplishments of executives themselves.

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Acme Visible Equipment is applicable to every commercial record—and the effectiveness of the personnel working with it is immediately doubled and more!

The development that has occurred in Acme Visible Equipment during the past eight years is shown in a new 48-page book which every business man is invited to request. Attach the coupon to your business letterhead.



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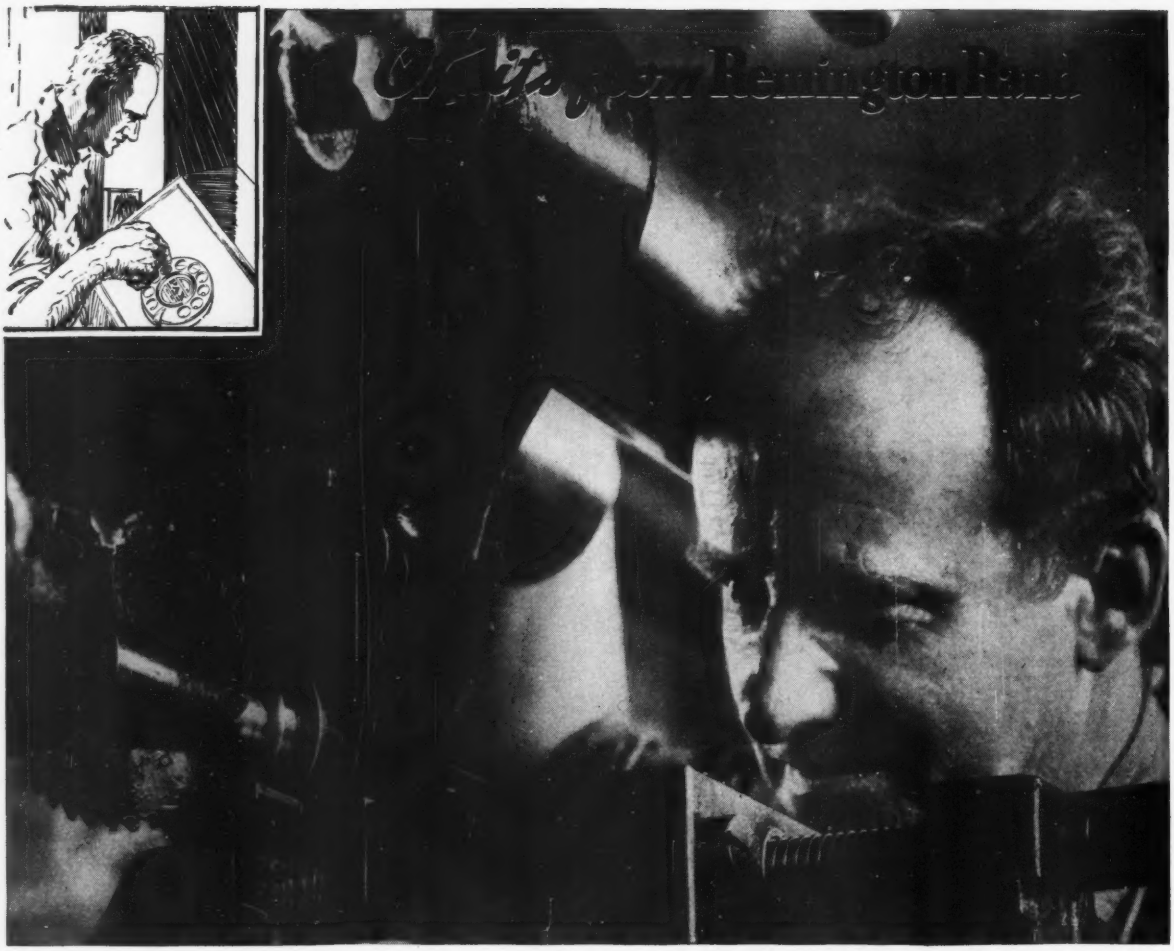
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In addition to Powers Production Control, Remington Rand has recently added another system . . . Remote Control Accounting known as "Central Records". Both use standard Automatic Electric Company's telephone control equipment.

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CHAMBER OF COMMERCE OF THE UNITED STATES

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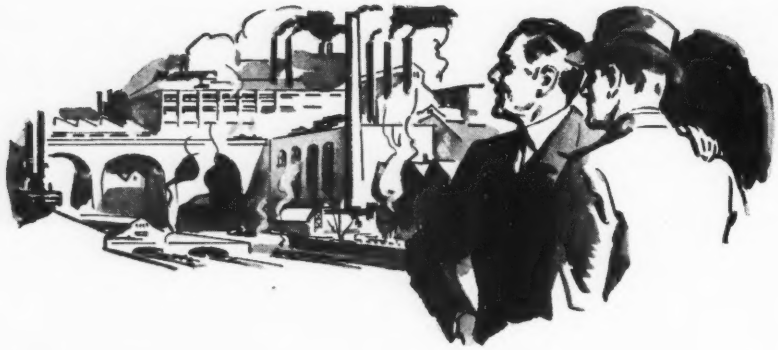
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Great Times, for the Business that can "take it"!

IN these difficult years many and far-reaching changes have swept over America.

But men or businesses with the steadfast determination to go ahead are finding that the basic laws of success remain unchanged, just as human nature remains unchanged.

And if you have the alertness to find out the public's wants—if you have patience to hunt for better ways of serving them—if you have the courage to make a real investment in the quality value of your products—people will welcome and buy what you have to sell as they always have.

Goodyear has tested and is proving these homely precepts by experience—and can testify how infallibly and powerfully they work.

In our plants and laboratories the first sign of depression was greeted as the signal for increased effort to *earn* business by deserving it.

Literally, through the hard years we lavished upon our products the greatest program of development and improvement which any rubber company has ever undertaken.

A steady march of new products, new services, new improvements has resulted, rising to a crowning success this year in the now famous "G-3" All-Weather, rivaled only by the record of the Airwheel* of which Goodyear is manufacturing five times as many as are all other makers of super-soft tires combined!

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"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm."

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PRESIDENT,
THE GOODYEAR TIRE & RUBBER COMPANY, INC.

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THE GREATEST NAME IN RUBBER

GOODYEAR

NRA CODE

Why They Use Allegheny Steels

Concerning Heaven . . . .

VERY FEW illusions are as perfect as that created by the Fels Planetarium in the Franklin Institute Museum, Philadelphia. To the beholder, seated in darkness beneath the tremendous hemispherical dome that represents the vault of the sky; watching the stars move in their courses and the planets swing in their orbits, the effect is actually more real than the clearest, blackest night outdoors. It is difficult to remember that one observes only a man-made heaven. And the Fels Planetarium *does* approach the eternal as far as earthly materials permit. The entire dome is made from sheets of ALLEGHENY METAL, the time-tested stainless steel.

. . . . and Manna

WE'VE HEARD it said that a dyed-in-the-wool Chicagoan naturally leans to the bigger and better, but that if forced to choose, he'd take the bigger. The remark was probably made in envy. Certainly the biscuit (20th century manna) and cracker oven in Chicago's Salerno-Megowen bakery is both bigger and better. In fact, it's the world's largest. A handsome thing, too—all snowy enamel and bright metal for its entire 61 feet of length. And if you want a few reasons why the Salerno oven is *better:* the builders used ALLEGHENY METAL both for outside trim—where its mirror-like surface provides a lustrous, impervious finish—and for combustion chamber linings and internal ducts—where ordinary metal would soon break down under the high temperatures.

. . . . . .

ALLEGHENY METAL—the time-tested stainless steel of universal application—is manufactured by the ALLEGHENY STEEL Company, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc., Warehouses, by Dunham, Carrigan and Hayden Co., San Francisco, and by Union Hardware and Metal Co., Los Angeles. ALLEGHENY METAL is manufactured pursuant to license from the Chemical Foundation, Inc., under basic patents No. 1,316,817 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

The meaning of faith

A CORRESPONDENT writes:

You say that the "man in the street" lacks confidence and that one thing needed to move him to normal activity "is faith—faith in his own future, which means faith in the rightness and soundness of our national life."

These are fine words, but mere rhetoric. You, like so many others, diagnose with generalities which leave your readers cold.

That's a fair criticism. "Faith in the rightness and soundness of our national life" *is* a generality. Let's see if such an intangible can be described.

First "man in the street" (on Pennsylvania Avenue). He reads in the morning paper that the District of Columbia has set up a corporation under the laws of Delaware with power to lease land, build factories, rent farms to put the unemployed to work; factories to make cigarettes, mattresses, furniture and shoes were mentioned. He may now be employed in these fields or he may have a friend who is earning his livelihood in a similar activity. Is this "man in the street" encouraged or discouraged when he reads this? Is he filled with confidence, or is he a bit bewildered, if not downright fearful? Does he believe in his heart that this plan is sound and right?

If we are to get anywhere, we must confine the issue at this point. We must admit, for the purposes of this argument, that all our national plans are right and sound. We are concerned here solely with the effect upon the state of mind of the average citizen who, unable to follow the reasoning of our political economists, is subconsciously, if not consciously, shocked at the departure from the usual course of things.

Second "man in the street" (York, Pa.). He sees his friend, Fred Perkins, who sells storage batteries to farmers, and who, although he has an exemption from the Pennsylvania NRA on certain rules, is clapped into jail by the Federal Government, is required to put up a $5,000 bond, and is kept in jail 18 days. A Quaker, Mahlon Haines, says one night after supper to his wife, "I can't stand this any longer," puts on his hat, goes down to the jail and bails him out. Perkins wept when he came out of his cell.

Again, granted that the NRA is wise and necessary, and that the enforcement in this case was paramount to its national success, what is the state of mind of the ten or a hundred or a thousand citizens who knew of this incident at first hand? Were they disturbed or were they given greater confidence in the rightness and soundness of our national policy?

Third "man in the street." He lives in Randle, Wash. He knows a farmer near Randle who slopped two pigs until they became fat and then sold them to the local butcher for $11, as he has been doing for 40 years. Someone spied upon him, reported him, and he was fined $26 for not reporting that sale to the United States Government. Again, it is beside the point to question the rightness or soundness of the AAA. The whole point involved is: Does the "man in the street" feel that this is right and sound, or is he uncertain, hesitant and inclined to be skeptical of the course we are pursuing?

Is it necessary to summon more "men in the street," those who observe the competition of TVA in a dozen fields; those who see cases of waste and graft in the distribution of unemployment funds; those who read that the Government will furnish relief to "strikers"; those who worry about their savings, their life insurance policies, because of the imminence of inflation, real or fancied? Does the taxi driver who said to the writer that he didn't know how all this was going to be paid for, feel certain of the soundness and the rightness of our national policy?

Philosophers have pointed out that mass understanding moves so slowly that it is almost impossible to measure it except in cycles. Is it not fair to consider at least that the amazing changes which we have attempted to bring about in so short a time have



They want to take it home

—AND A NEW INDUSTRIAL GIANT IS BORN

THREE years' experience has convinced the traveling public that it *is* possible to "sleep like a kitten" all night—to arrive at destination feeling "fresh as a daisy"—"clean as though wrapped in cellophane." Passengers enjoy the mild spring weather on Chesapeake and Ohio trains so much that they want to take it home—to their houses and to their offices.

Three years' experience has taught Chesapeake and Ohio the surest way to translate genuine air-conditioning into terms of human comfort. It insures perfection not only in equipment, but in the operation of that equipment to maintain the air you breathe at the greatest possible comfort level.

Three years' work spreading the gospel of *genuine air-conditioning* has made a vast public conscious of this new and necessary contribution to comfortable living. And the enthusiasm created by Chesapeake and Ohio's genuine air-conditioning has paved the way for a new giant in American industry.

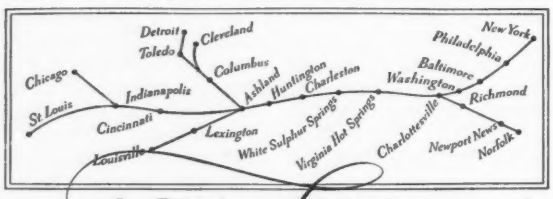
WHAT IS GENUINE AIR-CONDITIONING —HOW DOES IT WORK?

1. *It cools the air when it is too hot.*
2. *It warms the air when it is too cool.*
3. *It extracts humidity when the air is sticky.*
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5. *It cleanses the air, straining out dust, dirt and cinders.*
6. *It circulates the cleaned, conditioned air without drafts.*

If it doesn't do these things all year 'round, it isn't air-conditioning.

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outrun public understanding and, not being understood, public confidence? These changes may be for the best; that is a subject for discussion at another time. But, granted they are for the best, nevertheless their departure from the normal could do nothing else than cause doubt, perplexity, bewilderment, skepticism, and even fear. Such is human behavior.

Fear cancels buying power

LACK of confidence and the presence of dire apprehension, which has been pointed out by so many groups in the course of the past month, is not found alone in business circles. That is a false premise on which we have too long proceeded. The source of business apprehension comes from the "man in the street," who buys. Until he feels his feet on the ground, is willing to resume his normal way of life, working hard with hand and head, taking chances upon resourceful ideas, there can be no increased business activity.

When the business man senses this apprehension on the part of the mass, it is not guess-work; the figures are upon his desk each night. Some say the "man in the street" cannot buy because he has no money. But others point out that even those millions who have the money to buy normally are not doing so, and they produce figures to show it.

A case in point is Washington, D. C. There has probably never been so much reason for boom-time activity in Washington as today, not excepting war times. Twenty-two thousand have been added to civil service government pay rolls in the District alone in the past 12 months. It is estimated that these new employees have brought families to Washington to the extent of increasing the population by 60,000. Salaries of 80-odd thousand government employees in the District have been increased in the course of the year. Yet, in the District, 80,000 are on public relief, and sales, measured by *volume*, have increased little over those of a year ago.

No quarantine for distrust

ANOTHER reason why the "man in the street" lacks confidence is that he has been told, in effect, by his public leaders conducting "investigations," not to trust the business organism; that bankers are non-social money-changers; that power and light companies are selfishly overcharging him; that telephone and telegraph are malignant monopolies; that manufacturers who make the things they need are chiselers, exploiters of child la-

bor, operators of sweat-shops; that commercial aviation is crooked; that milk dealers and retailers are gougers; that exchanges are gambling houses.

The situation would be one of comedy if it were not so tragic. It is as if a benevolent gentleman in chin whiskers were urging a man and his family to get into an automobile and go somewhere, but cautions that the tires are rotten, that the motor is leaking gasoline and they may be burned alive; that the steering gear has been made by a workman utterly devoid of character and skill; that the brakes have been left off to cheapen the car. The old gentleman cajoles and exhorts, even appeals to the flag, and wonders why the citizen hesitates to be taken for a ride.

New molds for everything

THERE has been too much effort at re-forming society. Much of the bear-baiting has been inspired because it gives pain to the bear along with pleasure to the reformers. Much of it is vindictive. Much for political preferment.

The time has passed for reassurance by words. There must be reassurance by acts. Actions, immediate and clear-cut, to the point that while reforms attempted have not been lost sight of, there will be a cessation of reforms and experiments in the social and economic field until the public can catch up in understanding and until it returns to something like normal health.

A country in need of definitions

THE trouble with the well publicized idea that we must trade our way out of the depression is in its obvious need of definition. What sort of trading is meant? Political trading has had its innings in borrowing, spending, and destruction. What could be done by business within its own resources toward the acceleration of commerce is all too rarely examined by the makers of public policy.

How far the nation's regenerative powers can carry it in the direction of artificial stimuli is a question constantly increasing in dimension. Admonition, as well as answer, is provided in a speech by Senator Gore of Oklahoma.

Of borrowing, the Senator said:

> We cannot borrow our way out of debt or out of this depression. We have borrowed billions upon billions. We have added ten billions to our public debt and we will add half as many more. Trading will go further than borrowing.

Spending seemed to Mr. Gore just as futile. As he put it:

> We cannot spend our way out of hard times. In 1860 the total cost of our na-

IT HAPPENS IN THE BEST REGULATED BUILDINGS



Many building operators who do not provide Onliwon Towel Service in their washrooms are really paying for it just the same. The tenants are using the toilet paper to dry their hands and thinking about the poor service.

These days no one can afford to have dissatisfied tenants. Equip all your washrooms with individual clean, fresh, A.P.W. Onliwon Towels. These double-folded Onliwon Towels are doubly absorbent and strong—safe and sanitary. One Onliwon Towel does the work of several ordinary towels. Every one will be pleased.

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A.P.W.

NRA

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REDCAP: "He say, Ma'am, dat de average age ob GOLDEN WEDDING RYE am 4 yeahs old, Ma'am."

LADY: "Humph, he might as well save his breath — — everybody knows that!"



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It's ALL whiskey... age of the youngest whiskey used five months... the average age 4 YEARS OLD

Golden Wedding also obtainable in BOURBON

For a really fine Gin... try Silver Wedding Gin

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tional government was only $60,000,000 a year. In January this year we spent more than $30,000,000 a day. One Senator has estimated that in January more than 50,000,000 people were directly or indirectly eating out of the public Treasury. That means eating out of the taxpayers' pocketbooks. That cannot go on. That cannot last. I have more faith in trading than I have in spending or lending.

Destruction he disposed of in this way:

We cannot end want by destroying wealth.

We cannot, by destroying wealth, either escape poverty or restore prosperity. We can enhance values by destroying wealth. We could destroy half of a given commodity and more than double the value of the remaining half. But we cannot feed the hungry with a decimal point or clothe the naked with dollar marks.

Book agent, political style

MR. UPTON SINCLAIR, candidate for Governor of California, addressing the National Press Club in Washington, explained the business technique of this campaign. He said:

We sold 200,000 copies of one campaign pamphlet. The price was marked on the pamphlet as 20 cents but we sold it for 15 cents. That made everybody feel good.

There in a nutshell you have the formula today of a popular political appeal. Make the voter feel he is getting something for nothing, that he has an advantage over someone else. Appeal to his acquisitive sense in particular while assailing the profit motive generally. Practice deception openly but to the voter's alleged benefit, yet pose as a soul harrowed to the breaking point over the fancied deception practiced upon said voter by a mythical "power."

Mr. Sinclair is not yet a business man. His platform will make him California's biggest business man. His clever campaign technique, if he were in business today, would deny him the use of the Blue Eagle as not conforming to the code of fair practice.

Franklin had a name for it

DURING the years of debate and discussion which led to the formation of the compact between individuals and the Government, known as the Constitution, there was much concern about creating and maintaining economic freedom. Popularly it had to be translated as "political freedom," but then, as today, economic freedom is the first fruit of political independence. Benjamin Franklin, whose influence in charting the Great Adventure was great, contributed this:

Perhaps in general it would be better if Government meddled not farther with trade than to protect it and let it take its course. Most of the statutes or acts, edicts, *arrêts* and placards of parliaments, princes and states, for regulating, directing or restraining of trade, have, we think, been either political blunders or jobs obtained by artful men for private advantage, under pretense of public good.

No need to whet this appetite

AS WE read the proof of the editorial, "Horizons For Everybody," we wondered if we had overemphasized the present and potential eagerness of men and women to accept new things. In the midst of our meditation, an associate brought in a report of the activities of his department. He gathers material for the "No Business Can Escape Change" page. He reported that we had received 700 inquiries from readers in the course of the month regarding new products and processes about to be put on the market. More than 7,500 such requests during the past 12 months. The month of August broke all records with 763 inquiries. That seemed evidence at first hand, and we wrote "O.K." on the proof of "Horizons For Everybody," and sent it on to the printer.

From commissaries to commissars?

FROM that prolific experimental laboratory, The Tennessee Valley, comes word that large-scale grocery commissaries are to be established by the TERA to feed Tennessee's 81,000 relief roll families this winter. The idea, as explained by Col. Walter L. Simpson, government administrator, was approved in order that the most food might be obtained for the decreasing amount of relief money available.

Grocers in the area protested to Washington authorities. They said, "We think the proposed program is unethical and unsound. We believe that, instead of alleviating distress and relief, it will increase it. If the warehouse is completed it will mean that at least 100 Nashville grocers must go out of business."

It takes no jaundiced eye of partisan opposition to see as much of factual reason as of satiric perversity in the question phrased by a columnist, "What is the country's next biggest industry after relief?"

Brothers under the skin

OUR political brethren never miss a chance to remind the public of the blundering inefficiencies of business men. Perhaps business men may be permitted a fleeting smile at the officials in charge of the Jacksonville mattress factory. Its scheduled opening had to be hurriedly postponed. Not for any lack of materials. There were quantities of cotton and ticking on hand and the employees were all ready to go to work. But somebody forgot to provide the needles.



WHEN AN ENGINEER
CONFESSES

Here's what he'll tell you about modern automobiles

Automobile engines have greatly increased in size and horsepower. Since 1925 those under $1000 have been stepped up 79%. Cars over $1000—50%. Cooling system design has been radically affected. The water passages in many modern radiators are not over 1/16 in. wide. Thus, because of greater engine-speeds requiring vastly more cooling, the dangers from freeze-up and rust are greatly increased.

Safety from freeze-up and rust

Safety lies in the use of an anti-freeze which protects not only against freeze-up but also against rust and corrosion. Eveready Prestone reduces the corrosive action of water—95% on Cast Iron and Steel—75% on Radiator Metals and Aluminum. As to freeze-up they are using Eveready Prestone in Little America, where 60° below zero is common.

Make the Nose Test: Eveready Prestone, truly non-evaporating, is absolutely odorless. "Boil away" anti-freezes, on the other hand, can always be identified by a noticeable odor. Regardless of special "treatments," claimed to decrease evaporation, they *will evaporate rapidly* whenever the engine is running at high speeds.

Turn now to the back cover and read the guarantee—see, too, how little it costs to protect your car all winter long with Eveready Prestone.

TURN TO BACK COVER

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At the close of business, September 30, 1934

RESOURCES		LIABILITIES		
Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	$67,279,709.99	Capital	$12,500,000.00	
United States Government Securities	83,591,454.70	Surplus	20,000,000.00	
Reconstruction Finance Corporation Notes	2,500,000.00	Undivided Profits	1,714,545.02	$34,214,545.02
Other Bonds and Securities	40,638,525.95	Reserves:		
Loans and Bills Purchased	100,155,482.06	For Contingencies		9,112,000.00
Accrued Interest and Other Resources	2,787,270.69	For Taxes, Interest, etc.		1,895,426.92
Mortgages Owned	3,315,856.20	Deposits	250,441,941.74	
Equities in Real Estate	551,373.85	Outstanding Checks	6,009,005.00	256,450,946.74
Banking Houses—Equity and Leasehold	2,266,507.81	Dividend Payable September 29, 1934		625,000.00
Customers' Liability for Acceptances and Letters of Credit	3,819,701.63	Acceptances and Letters of Credit		4,607,964.20
Liability of Others on Acceptances, etc., Sold with Our Endorsement	66,285.44	Acceptances, etc., Sold with Our Endorsement		66,285.44
	$306,972,168.32			$306,972,168.32

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NATION'S BUSINESS

★

A MAGAZINE
FOR
BUSINESS MEN

★

Horizons for Everybody

ANAXARCHUS of Abdera, the Greek sophist, a companion of Alexander on his campaigns, disturbed the conqueror exceedingly one day with the reminder that there was an infinite number of other worlds which would always mock his ambition. This shock to his vanity so distressed him that he wept openly and unashamed.

"Do you not think it a matter worthy of lamentation," he asked, "that when there is such a vast multitude of worlds, we have not yet conquered one?"

That regret, voiced three centuries before the Christian era, points a text for our dejected spirits today.

Our world is still unconquered.

Yet over and over again it is said by those who should know better that we have gone as far as we can go, that nothing remains to be done. Youth is put in a sorry way of believing that the pioneering which triumphed over physical barriers went out of style with the conquest of geographical frontiers. The young men and young women of this troubled era hear little about opportunities for exploring a whole new continent of ideas. Their elders have interpreted their own bewilderment in terms of chaos rather than of change.

Let the cynic scoff. His defeatism cannot stand against the weight of history. No stage of civilization can become a permanent stage so long as inquiring minds seek to know what lies beyond the veil of the future. No prophecy in the realm of industrial progress, no prediction of closed frontiers in the domain of knowledge, can be tolerated by a nation which has the will to live and grow.

As this is written there comes across the desk a pamphlet published in England, entitled "a list of 895 most needed inventions," most of which are suggestions from those who attended the "International Exhibition of Inventions." The list covers wants extending from household labor-saving devices to mercury arc rectifiers for large power stations. Is it too much to say that there is not an adult in the United States who cannot suggest upon the instant some improvement he would relish—and buy? A million such? Ten million! Opportunities? Unlimited!

Who will make fog-flying safe? Who will find the cure of a common cold?

No matter the names of the individuals who solve these stubborn riddles, it is a certainty that imagination and enterprise will serve, as ever, as the dependable guarantors of innovation. Prophets are not only honored in their own country but also in their own times. The prediction of the prefabricated house is already a fact, television is growing up, and the extension of the life span beyond 70 years is in realistic view. Medical science is gradually moving toward an ability to bestow three great boons upon tormented humanity—unlimited transplantation of parts of the human body, the complete conquest of bacteria, and full knowledge of how to keep healthy by eating proper food.

Who will give the world the key to duplicate the power of plants to make things out of sunlight? Difficult as the answers may be, the odds are that they will stimulate further questing. The question mark, rather than the dollar mark, symbolizes the American urge to change life for the better. The problem is not to prevent the flow of ideas from petering out, but to keep the people adequately receptive to change.

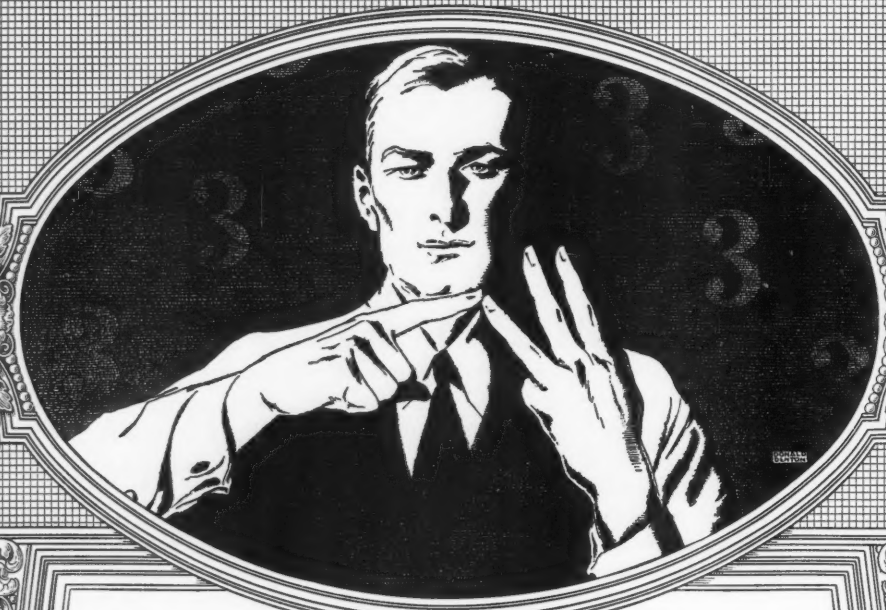
In his fascinating "Horizons" Bel Geddes writes:

> Are we ready for the changes that are coming? The houses we live in tomorrow will not much resemble the houses we live in today. Automobiles, railway trains, theaters, cities, industry itself, are undergoing rapid changes. Likewise art in all its forms. The forms they presently take will undoubtedly have kinship with the forms we know in the present; but this relationship will be as distinct, and probably as remote, as that between the horseless buggy of yesterday and the present-day motor car.

No more opportunities? Why, the trouble with the prophets of progress is that they don't go far enough. There is enough unfinished business lying around the world to give permanent employment to all its idle minds.

Merle Thorpe

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NATION'S BUSINESS

November · 1934

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Is Our Recovery Thesis Wrong?

By WILLFORD I. KING

Professor of Economics, School of Commerce, New York University

WITH every man now paying tuition to the depression for a course in applied economics, it is pertinent to re-examine the meaning of some traditional terms and principles in the light of recent experience:

What is "unemployment"?

Is the doctrine of high wages in the public interest?

Do minimum wage laws operate to favor only the better workers?

Would unrestricted immigration encourage a state of chronic poverty?

Would unemployment insurance encourage unemployment rather than cure it?

Does not work sharing really prolong joblessness?

Is government concentration on public works a logical stimulus to unemployment?

To say that the answers to these questions may be as various as the individuals who make them is a suggestion of the difficulty rather than an implication of defeat in seeking the solution to the nation's perplexing problems. For it is becoming a necessity of first importance that the country should proceed toward recovery with a clear understanding of the paramount public interest at stake. The more the people discuss and debate the issues defined by the depression, the surer and wiser will be their conduct and guidance of their affairs.

—The Editor

THE record-breaking shrinkage in employment recently experienced throughout the western world has called forth a tremendous volume of literature describing unemployment and proposing ways of eliminating it or alleviating its effects. Many attempts have been made to describe the causes of unemployment. Too frequently, however, such discussions have been superficial and have failed to place this phenomenon in its proper economic setting—in other words, unemployment has been treated as if it had no relationship to the laws of value and price. Because of this situation, it seems worth while to analyze briefly these relationships and thereby to show why the volume of employment is subject to such violent changes.

Unemployment is hard to define. It is, however, relatively easy to distinguish between the man who is working and the man who is idle. A certain amount of unemployment is necessarily with us even in the best of times because some persons are sick, some are shifting from one job to another, some are just out of school and have not yet found their places in industry, and some, because of physical or mental characteristics, are unemployable.

In a large country like the United States, the proportion of the population unemployed for such reasons as these changes little from month to month or even from year to year. However, the total number of persons employed varies greatly from time to time. The first subject to be considered is the reason for these fluctuations.

One fundamental point almost universally overlooked is that whether a man is employed or unemployed depends primarily upon the relationship between the price at which the prospective worker is willing to sell his labor and the price which a prospective employer is able and willing to pay for it. Even in the worst of times, the man who is willing to do any kind of work of which he is capable for any price offered will find it difficult to avoid getting a job. However, in times of severe depression, the pay obtainable may be far below the customary wage of the worker. In an overpopulated region, the wage may even be too low to cover the cost of an adequate supply of food. For example, in famine times in India men have gladly accepted employment on public works at the equivalent of three cents a day.

The fact that unemployment can develop on the grand scale witnessed in recent years in western Europe and the United States is explained primarily by the fact that wage rates have been controlled either by union rules or custom. In England, the unions set the standards of pay during the World War when the price level was much inflated. When the price level fell in 1920 and 1921, the rate which employers could afford to pay declined sharply, but the union rates were not lowered correspondingly. The English unions have been

strong enough ever since to prevent workers accepting lower rates of pay. The result has been that employers have hired only the most competent workers and the rest have been left jobless.

The "high-wage" theory

IN the United States, labor unions are relatively weak, hence the vast amount of unemployment recently prevailing here cannot legitimately be laid to their influence, but must be ascribed almost entirely to the strength of custom and the prevalence of the "high wage" fallacy. The fact that periods of high wages have been periods of prosperity has led to wide acceptance of the doctrine that high wages are the cause of prosperity.

This doctrine, though entirely unsupported by evidence, has been advocated by leading industrialists, has been preached from the pulpit and from the White House, and has even been taught to many college classes in economics. Under the circumstances, it is not surprising that both employers and employees are imbued with the idea that customary wage rates are to be maintained whether business is flourishing or stagnant.

The result is that an employer who could afford to keep his entire force busy if he could reduce wages from $5 to $2 a day, does not dare even to suggest such a cut. Instead he lays off all but the most efficient workers and continues to pay $5 a day, or perhaps a little less, to a greatly reduced force. Cities which are unable to raise funds to build needed new schools, bridges, subways, and so on, continue to pay prosperity wage rates to the limited force employed on such work, even though thousands of idle men are clamoring for employment. When, in an effort to prevent suffering, these idle men are employed at "made work," they are usually given for part-time "work" the standard hourly rates payable in prosperous times. Prejudice against wage-cutting is indeed so strong that the householder who would gladly pay 20 cents an hour for a man to do odd jobs fears to offer the applicant for work less than the customary 50-cent rate.

However, the volume of employment clearly depends on the relationship between wage rates which are acceptable and those which are obtainable. If we look at the matter in the large, it becomes obvious that if, in depression times, employers can afford to hire 30,000,000 employees at $1,200 each a year they could equally afford to hire 40,000,000 employees at $900 a year each. Were the latter plan adopted, unemployment would disappear; production would be greatly increased; the goods produced could be sold much cheaper; and, therefore, the $900 would soon buy nearly as much as the $1,200 bought under previous conditions. This logical and effective way of eliminating unemployment is frustrated by the force of custom and by the high-wage fallacy.

From what has been said, it is obvious that one way to stabilize employment in this country is to devise ways to circumvent custom and counteract economic fallacies. Since labor is a commodity, as is capital, the price of any given grade of labor is evidently determined by the same laws that govern the prices of commodities in general. During the period 1929 to 1932, there was no marked change in the supply of labor available in the United States. Evidently, therefore, the great shrinkage of employment must have been due to a shift in the demand for labor.

In the hypothetical case illustrated by the accompanying chart, the demand curve shifted sharply downward and to the left between 1929 and 1932. Had the supply curve been horizontal, the wage rate would have remained unchanged at 60 cents an hour, and the number of workers employed would have fallen from 100,000 to 40,000.

However, the actual shape of the 1929 supply curve was such as to produce a fall of the wage rate to 50 cents an hour and a reduction of the number employed to 60,000 leaving idle only 40,000 of the original 100,000 workers. Even this amount of unemployment never actually occurred, because, as conditions grew worse, poverty compelled many persons to reduce the minimums which they were willing to accept for their work. This meant that the supply curve moved downward to the right to the central position shown in the diagram. In this position, wage rates were down to 44 cents an hour and 80,000 persons were at work, leaving only 20,000 idle.

If poverty among the working class had been more severe, the supply curve would have shifted still further downward and to the right, the wage rate would have fallen to 40 cents an hour and all of the 100,000 potential workers would have found employment. Here we have in a nutshell a complete explanation of why the volume of employment varies, and why an army of erstwhile workers have been idle. In passing, it may be noted that this explanation of unemployment leaves no place for the technocratic theory that unemployment is the result of overproduction brought about by technological improvements in our productive equipment.

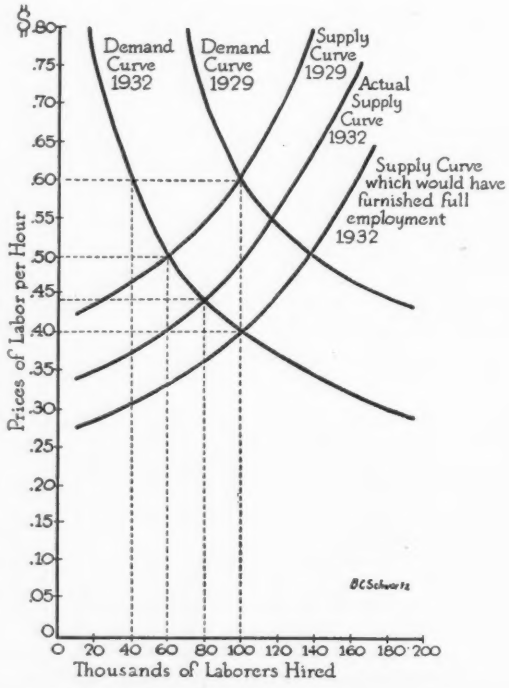


Diagram illustrating the reason for a decline in employment for a given type of labor

Minimum wages

THE diagram makes clear the effect of minimum wage laws upon employment. There is no reason to believe that the enactment of such a law affects in any way the location of the demand curve for labor. Of course, proponents of the minimum wage assert that employers pay the added wage and increase the prices of their products sufficiently to offset the additional cost. However, they fail to show where the potential buyers of the products are to get any new purchasing power. If, therefore, the purchasers of the products of one concern are compelled to pay more dollars for its output, they must reduce by an equal amount their purchases from other concerns. An in-

(Continued on page 72)

Watching Washington

By FREDERICK SHELTON

(Of the Kiplinger Staff)

THE Washington situation on the whole seems to have improved a little bit from the business angle. There is still much confusion of policy, and this will continue to retard recovery. But, if you view the tide rather than the waves or ripples, you can find signs that it is a rising tide. Here are some of the factors of betterment:

1. Normal forces which always operate after a long-drawn-out deflationary period are working in the direction of recovery.

2. There has been a general underpinning of the credit structure of the country, relieving much of the depressing force of threatened foreclosures and bankruptcies.

3. There is a sort of stabilization of the dollar, as a *de facto* policy, but not publicly announced.

4. A long deferred attempt is being made to reconcile and coordinate inconsistent policies back of various emergency governmental activities.

5. The Administration, from President Roosevelt down, is showing a tendency to be somewhat more interested in business revival, and a little less insistent on drastic reforms.

Recovery and The New Deal

THERE has been lack of a central fundamental policy looking to general economic recovery. Administration officials are realizing this, and are beginning to work toward such a central policy. This is not a new complaint. Outsiders have fretted about it for months and so have a few well known conservative members of the Administration.

This weakness in the recovery program now is being talked about among the "liberals," the advocates of "managed currency," and even some of the "national economic planners."

The Administration at the outset struck out in the direction of inflation, with "managed currency" as a device for control. The "managed currency" group especially feels the need of a quick business recovery. Their whole theory is based on the assumption that business will respond to the stimulus of more dollars. So anything that is done to put a damper on business tends to discredit monetary tampering as a general policy, and therefore such business hampering measures are becoming slightly less popular in New Deal circles.

The President

IS Roosevelt changing? Is he turning a bit more conservative? Some people think so, especially those who have contended all along that he is really a conservative wolf in liberal sheep's clothing. I doubt if there is any fundamental change in his attitude. He seems a little more solicitous of business opinion, but this is a matter of method rather than purpose. He scolds less. He shows signs of patting business on the back in small ways. He may not trust implicitly the profit motive but he seems to appreciate more the practical necessity of stimulating private employment. He will not fraternize willingly with the "old crowd" which ruled business but will support new style capitalism which bends the knee to Government at Washington.

The President seems to insist on *making* business trust Washington. But trust is a thing of the heart and mind, not a product of coercion. Business wants to trust Washington, but needs to be wooed, not scolded, and, above all, wants to be "sold" on some clearly outlined prospectus of Administration plans for recovery. Thus there is a stalemate. Things aren't going ahead as they should. Business is hesitant, and the President is petulant. There is need for a master psychologist to get the President and "business" together and smooth out the mental quirks which keep them apart needlessly.

A Master Chart

THE NEW DEAL at the start branched off in several different directions. AAA aimed to give farmers higher prices relative to non-agricultural prices. But NRA boosted prices of the stuff farmers had to buy. Wages were raised by codes but purchasing power was lacking to buy the products of higher paid workers. Profits lagged and tax payments lagged at a time when more revenues were needed to finance relief for millions of unemployed. Higher prices added further to relief costs. Processing taxes were extracted "painlessly" from consumers but consumers' dollars were limited and so were used for cheaper foods. Threats of reforms and socialistic ventures like TVA made capitalists fear to invest and so capital goods industries failed to revive. Devaluation and the gold policy sought to raise commodity prices but scared capital so that bank credit and the capital goods industries failed to expand. Government underwrote billions in mortgages and institutions which will involve huge losses unless increased profits make these loans good. Some parts of the New Deal contemplated an economy of scarcity while others contemplated an economy of plenty. AAA preached reduced production to force higher income while TVA rests on the theory that lower selling prices will increase volume and therefore ultimately produce more net profit. So there is confusion, inconsistencies, conflicts, and retardation. Clearly a master chart is called for.

Richberg

DONALD RICHBERG is now heading up the job of drafting such a master chart. He is chairman of a committee composed of Secretary Perkins, Secretary Ickes, AAA Administrator Davis, FERA Administrator Hopkins, and NRA Board Chairman Williams, the duty of which is to advise the President on how to coordinate emergency recovery policies. These will constitute a sort of "privy council" to the President. They have a tough job. But the attempt will be helpful. It would be too much to expect that all conflicts can be smoothed out in actual operation.

The New NRA

ONE of the most troublesome angles of the attempted coordination will be NRA. Cutting through the maze of publicity and official announcements it seems fairly clear to me that not much will be done about NRA

until Congress acts on new legislation. Interim moves of the new NRA Board under Clay Williams and the policy advisory committee under Richberg will mark the course of administration plans, however, and therefore should be observed carefully.

The Johnsonian NRA is to be "demobilized." Competition is to be encouraged. Price-fixing and production control devices of codes will be relaxed, formally or by default. Labor provisions of codes will be preserved to prevent "sweating," and to put all units on an equitable basis of competition. The new officials on the whole are pro-labor, pro-unionization, but show a commendable attitude of holding extremists in check.

Arbitrary jacking-up of wages under the increased-mass-purchasing-power concept will be less stressed. More attention will be paid to what particular employers can afford to pay to operate profitably. There will be, in short, a more realistic approach.

In general, drastic changes will be few. Thus NRA will remain in a state of transition for the next six months. Industries will find that there is no substitute for well organized trade associations which can do much for business that Government can't possibly do.

The New "Right Wing"

NRA remodeling, plus the move toward general coordination, brings to light a sort of "new right wing," meaning somewhat "right" of "left wing." Old-line conservatives regard Richberg and his fellow thinkers as "left," but there is a sort of private consciousness within the Richberg group that they are the "new right wing" as distinct from the school of regimentation and those hardy enthusiasts who think in terms of bureaucratic direction of everything from Washington. So "national economic planning" is having a bit of a set-back. And there are new outcroppings of realism and moderation among other Roosevelt advisers.

Agricultural Adjustment

CROP acreage and farm production will be adjusted slightly upward next year.

AAA policy still will be aimed at control of production within the limits of prospective market demands, however.

Prices of the seven original "basic commodities" recognized by law have almost reached the "price parity" stated in the law as the official goal of agricultural adjustment legislation. There will be pressure, therefore, to reduce or eliminate processing taxes now imposed to make up to the farmers the difference between market prices and "parity" prices.

The spirit of AAA now appears more friendly toward the agricultural trades which it regulates. The persecution complex cropped out in much of the earlier dealings.

Home Modernization

HOME REPAIR and improvement business booked through the Federal Housing Administration seems to be exceeding earlier conservative estimates. It now looks as if new business of this character will reach $500,000,000 as a minimum and $1,000,000,000 as a maximum in the next 12 months.

November will mark the beginning of the official campaign to promote new home construction. This phase probably will lag but ought to begin showing substantial results a year hence. Housing statisticians still show that it is cheaper on the average to rent than to buy or build, and insist that a building boom never has materialized unless the reverse is true.

There is criticism of the Government's housing program among building trades people on the ground that too much ballyhoo has been directed toward the need for creating employment instead of making people *want* the comforts and enjoyment of better homes.

Monetary Realism

A COMMON plaint of business is that monetary uncertainty must be removed; that the value of the dollar must be officially fixed. The fact is that the dollar has been stabilized for months without public announcement. Actually there seems to be a definite intention of the Administration to refrain from further tinkering with the monetary unit. This reflects somewhat the growth of realistic thinking in official circles. It reflects a waning of enthusiasm for the commodity-dollar doctrines of Professor Warren.

It would be a mistake, of course, to assume that there will never be any further revaluation of gold or silver. The Government is not burning its monetary bridges behind it. Higher prices, especially for farm and other raw commodities, still is administration policy. And some serious breakdown of prices could, and probably would, prompt the Government to lessen arbitrarily the purchasing power of gold or silver or both. Therefore no public pledge to stabilize is expectable in the near future. But for most practical purposes there is now less reason for nervousness over monetary uncertainties.

Higher Prices

HIGHER prices are not just a fervent hope of the Administration. They are essential to the success of many major undertakings of the Government. The recovery program is built on prospects of higher prices. Prices must rise, profits and tax revenues must increase or else the program will be thwarted at the outset or will crash badly in the end.

This calls for a basic policy of inflation, "controlled" inflation, of course, in the language of official Washington. This basic policy, this simple fact, is more of a guide to what is going to happen than all the learned treatises on manifestations of the inflationary phenomenon. Higher prices are necessary for the Government to avoid huge losses, and a general smash, due to commitments and contingent liabilities amounting to billions of dollars. I refer to the commitments, underwritings, and moral liabilities back of loans and obligations of RFC, AAA, FCA, HOLC, FDIC, FHA, CCC, FSLIC, and other agencies taking part in the general credit underpinning operations of the government.

Removal of Debt Pressure

THE Government has effectively relieved debt pressure on a large scale. This constitutes a powerful preventive against recurrence of such panicky credit conditions as prevailed in 1932 and 1933. It should prevent a complete collapse even if business should go into a new slump. But this very credit bolstering is the prelude to inflation.

The foundation for inflation is well started. It will begin to show above ground so that all can see it a year or so hence, according to some of our best monetary analysts. The length and severity of the period will depend on many factors such as skill of the Treasury in government financing, progress toward a balanced budget, and capacity of industry to absorb idle workmen.

Government Financing

GOVERNMENT credit is amazingly good. Individuals don't seem eager to invest in government bonds but banks and institutions which don't need to worry much about the purchasing power of dollars continue to buy them. Apparently the public debt can be increased by many billions more if the financing is carefully handled. If the

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bond market starts to crack, the Treasury can support prices by use of its stabilization fund. Or it can coerce Federal Reserve Banks into buying whatever amounts are necessary.

Central Bank

INFLATIONISTS in the next Congress will make a drive for the establishment of an official central government bank which could issue unlimited amounts of paper money in exchange for unlimited amounts of government bonds. The Administration probably will block this in its bald form but some compromise is likely which will legalize stricter control of the Federal Reserve Banks by the Government. The Government now has virtual control over the Reserve system by indirect means and by virtue of the subservience of all but one or two members of the Federal Reserve Board to the Secretary of the Treasury. Thus the Reserve system will march with the Government along the road of inflation. The proposal for a separate central bank, nevertheless, will be the principal inflationary theme in the next session of Congress.

Flight of Capital

THE scurrying of investors to shift their capital out of California on the threat of election of a socialist governor suggests what may happen on a much bigger scale if owners of liquid capital become convinced that Congress and the Administration are intent on further punitive measures. For the past several weeks there seems to have been a steady trickle of American capital into foreign countries. Many millions probably have moved from New York to Montreal in the form of stocks and bonds and other intangibles. The Government may try to stop this if the movement gets more serious, but experience in other countries shows that ways can always be found to get capital out of a country. I mention this as one of the influences which will tend to check extreme anti-capital measures at both the Capitol and the White House.

Cost of Relief

RELIEF for from four to five million families, plus a billion a year for public works, plus half a billion for farm subsidies, plus three-fourths of a billion for war veterans, plus interest payments on the public debt of a billion a year—these constitute extraordinary items which make budget balancing so hard to achieve. In addition there is the mounting cost of operating the regular permanent agencies of the Government. And new charges on the Treasury may be authorized in the next Congress with the adoption of unemployment insurance and old age pension schemes.

Revenues sufficient to carry this load would have to be nearly double what they now are. These figures are rough estimates, of course, but are supported by current trends and plans now in mind. They account for the prevailing opinion that the budget will be far from balanced in the fiscal year 1936.

Taxes

AFTER the elections you will hear more about Administration plans for new taxes. The total tax burden may not be greatly increased by the next Congress but ways will be found to redistribute some more of the wealth of certain classes of taxpayers. Most of the present special excise taxes will be continued beyond their expiration date, and possibly a few such taxes will be added. The general sales tax as a device for cashing in on inflation is theoretically favored by many officials but probably can't clear the hurdles of political objections in Congress.

Washington is now beginning to take notice of the whirlwind propaganda emanating from Dr. Townsend in California aimed at a general federal sales tax to provide pensions of $200 a month for all dependent persons more than 60 years old. Five million voters probably will be backing this plan in the next Congress. It will not become law but will create a sensational issue comparable to the "bonus marches" of recent years.

Legislation Ahead

IN addition to revenue legislation and the voting of appropriations the next Congress will round out the program of reform and remedial legislation.

Some new moderate plan to succeed the discredited NRA will be adopted, relaxing antitrust laws somewhat but keeping a strong curb on business conduct.

The Bank Deposit Insurance Act will be revised, with provision for greater federal control over all banks.

Social legislation, including unemployment insurance and old age pensions, is definitely on the docket.

Something will be done to clear the way for rehabilitation of railroads, but the ambitious program now being formulated will fall short of complete adoption.

A new aviation program will be given statutory authorization.

Likewise present ship subsidy provisions will be reconsidered and probably revised.

The "Tugwell" food and drug bill will be up again. Propaganda for the bill is already being turned out by Department of Agriculture advocates.

Employers and labor unions will clash over attempts to strengthen collective bargaining laws. The net result probably will be amplification of the National Labor Relations Board's authority to settle labor disputes.

The 30-hour-week bill will be an issue from the outset of the next session. But labor is not as solidly for the bill as appears on the surface. Administration lukewarmness probably will prevent enactment.

Funds available for more federal public projects probably will be used up by the end of 1935. But Congress can be expected to provide another billion dollars or so to continue the program.

The Next Congress

IT looks as if the spending complex will dominate the new Congress which meets in January. The nonchalant tossing out of billions during the first two years of the New Deal will have given Congress a taste for more. The President will have a ticklish job of holding Congress in leash. It would not be surprising if events shape around to make Roosevelt appear relatively the champion of conservative thought in some respects in contrast to a rampant Congress.

He will be able to discipline the House in one way or another. But in the Senate there will be four or five of the Huey Long type instead of one, and this will tax the President's capacity for legislative manipulation.

Political Realignment

IN the next Congress emergency rubber stamp legislation of 1933 and 1934 will begin to meet the test of more deliberative legislative processes. Opposition of the Republican Party, as such, will not make much of a dent in the Roosevelt program. A more fundamental opposition may develop, however. For the first time in three decades issues are being shaped which will go to basic concepts of political philosophy and which will cut squarely across both major political parties. The year 1935 probably will mark the revival of a popular interest in principles of government comparable to that aroused by the conflict between Hamilton and Jefferson.

XUM

Interpreting Section 7a

By WALTER J. KOHLER
President, Kohler Company

FOR YEARS Kohler Village and the Kohler plant near Sheboygan, Wis., have symbolized a beneficent and productive partnership between management and workers. Stories have been told of the American Club maintained by the Company for single men among its employees; of the citizenship training for adults provided in the schools; of Kohler's early adoption of workmen's compensation and a thrift plan to encourage saving by workers.

For these reasons news of a particularly violent strike at Kohler came as a dramatic shock. Why should Kohler, of all places, be torn by disorder and bloodshed?

In this article Walter Kohler answers that question.

His statement is significant, not because con-

IF THE Kohler strike has received more attention than the numbers participating would explain, the reason is not that the issues involved are unusual; rather, it is because issues that are nation-wide in their application and importance have been dramatized by events in Kohler.

The paramount issue in the strike at Kohler, as in many other controversies now raging, involves the interpretation of Section 7 (a) of the National Industrial Recovery Act. The American Federation of Labor claims that this section gives the majority the right to represent all employees. Kohler Company believes that the same law that gives the American Federation of Labor the right to represent its members, also assures other employees the right to have representatives of their own choosing and guarantees to each individual the right to bargain for himself if he prefers.

The personnel relations in the Kohler organization and the cooperating part the company has played in the development of Kohler Village have for years been regarded as liberal and enlightened. Hence, the outbreak of a strike at Kohler has puzzled many. *Business Week,* in its issue of August 18, hazarded the following explanation:

"Kohler is paying the penalty for being conspicuous. Just because conditions here were held up as ideal, conquest of Kohler Village became the glittering ambition of the American Federation of Labor organizers. Could they win a victory here, it would add enormously to union prestige, make victories elsewhere easier.

"More sinister would be the inevitable inference that violence wins."

In the middle 'Nineties, when 12-hour shifts represented the nearly universal practice, Kohler Company inaugurated 8-hour shifts on its furnaces, and later the company reduced the hours to six.

On certain difficult and trying jobs, the company some years ago established a four-hour working day.

A workmen's compensation plan was put into effect by Kohler Company long before any state had passed a workmen's compensation law.

Wages at Kohler have been for years higher than prevailed in surrounding communities; higher than



In the medical building which was attacked with stones, a company doctor had been treating members of the picket line for sore feet free of charge

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With Bricks

ditions at Kohler were unusual but because they were not.

This strike, like many others which have shaken the country recently, was the result, not of unsatisfactory conditions but of a clause in the Recovery Act.

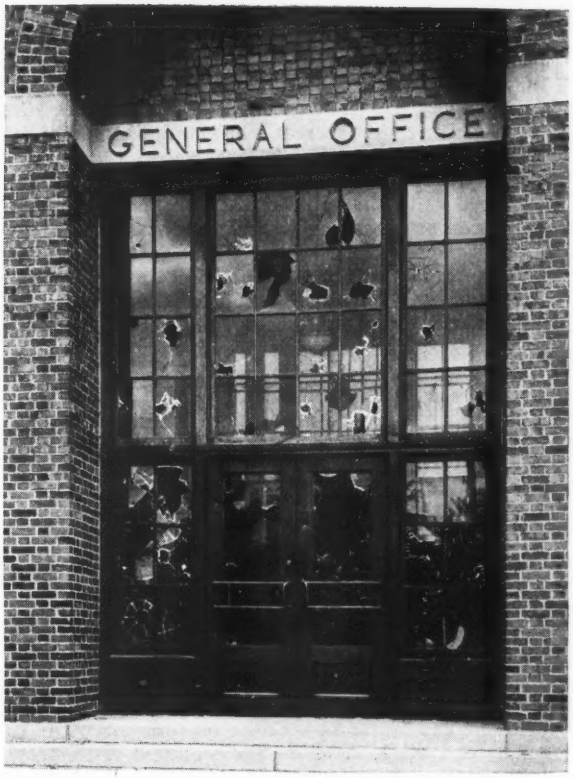
That clause states that employees shall have the right to bargain collectively through representatives of their own choosing.

The National Labor Board has interpreted this to mean that all employees shall be represented by men chosen by the majority. Many employers, and many employees, feel that this is not a proper interpretation.

Although court action is expected to clear up the situation, no cases have been heard and no decision handed down.



A few of the weapons that were collected when authorities drove out the pickets



PHOTOS COURTESY KOHLER OF KOHLER NEWS

Few of those who picketted or attacked the plant had ever worked for the Kohler Company

the average in Wisconsin factories; as high as any company paid, and much higher than most, in our own industry.

In accident prevention and working conditions competent critics regard the Kohler plant as advanced and admirable.

Continuity of employment and income was particularly sought in the company's employment relations. Throughout the 'Twenties, the members of the Kohler organization averaged 50 full weeks' employment a year. During the depression Kohler Company, solely to provide work and thus keep larger numbers off public relief, has continued manufacturing far more goods than the market could absorb and has built up enormous inventories.

Residential building, the company's main dependence for its market, dropped to about ten per cent of what it had been in 1928. The entire plumbing industry's sales for the first six months of this year were actually 34 per cent less than in the corresponding months of 1933.

Back to 1929 wages

UNTIL February, 1931, when hours were slightly reduced, the organization continued to work full time, and with the full enrollment in the factory. Not until January, 1932, were wage rates reduced. A further reduction was made in January, 1933. But in August, 1933, wages were again increased and since then the minimum wage has been the same as in 1929, while rates above the minimum are nearly at the 1929 level.

In July, 1933, the plumbing fixture industry submitted to the Government a code providing a minimum wage of 40 cents an hour (35 cents in the South) and a maximum working week of 40 hours. Although this code was not finally approved until January, 1934, Kohler Company

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put the wage and hour provisions into effect August 1, 1933. Ninety-five per cent of Kohler employees were receiving more than the minimum wage and their rates were correspondingly increased.

The company has lost large sums of money each of the late years, and this increase in wages increased the losses.

The unprecedented severity and length of the depression forced us to choose between laying off large numbers of men or spreading work on a short schedule of hours. So long as we could, we chose the latter alternative as the lesser evil to the men, although it was more costly to the company. The reduced earnings of employees gave us, however, the greatest concern, and we tried in every way to help them meet their problem, even to the extent of continuing operations which we well knew sound business judgment could not justify.

Finally, in the fall of 1933, it became absolutely imperative to close down some departments and equipment. This required a reduction in the force and also in the hours of the men still employed.

This was not of our choosing. The company was forced to put some limit on its manufacture of goods for which no market existed or, with inventories already excessive and rapidly mounting, the time was in sight where there would be no work for anyone.

There was no discrimination against union men in the lay-offs. This is somewhat indicated by the fact that among seven union witnesses at the recent hearing conducted in Sheboygan by the National Labor Relations Board, one had by his own choice quit his job with the company and three, including the president of the local union, had been kept at work. Three had been laid off.

Among the exhibits introduced by the union at this same hearing was a statement, resembling an affidavit in form but not sworn to, making certain allegations regarding the Kohler Workers' Association. It was signed by 125 persons, presumably union members. Of these 35 were persons who had been laid off, but 90 had been kept at work. On the other hand, non-union men, including numerous members of the Kohler Workers' Association which the A. F. of L. union wrongly describes as a "company union," were among those laid off.



Dumping of coal cars consigned to the company threatened the water supply and fire protection, not only of the plant but of the village as well

While the Government and the industry were perfecting a code, representatives of the American Federation of Labor began organizing a local in Sheboygan known as Federal Labor Union No. 18,545. The company did not oppose or interfere with the organization of this union. It met with the representatives of the union each time a meeting was requested. Three meetings were held with them last autumn.

At the first, October 4, 1933, the union committee confined itself to asking us to take back, as soon as we could, some of the men who had been laid off.

Machinery for collective bargaining

THE union proposal at the second meeting, November 21, was to "set up machinery for collective bargaining." They were informed that they should set up their own machinery for representing their members and that we would meet with whatever committees they established. This was apparently acceptable, and they indicated that at the next meeting they would present grievances.

At the next meeting, November 29, however, no grievances were presented as to wages, hours, or working conditions, but instead a demand was submitted that the union should have the sole right to represent Kohler employees in bargaining with the company. The company representatives did not agree to this demand. They also declined to join with the union in referring this question to the National Labor Board, on the ground that the company could not submit to arbitration the rights of non-assenting employees who either wanted other representation or preferred to bargain for themselves as individuals. In a letter to the union bargaining committee, December 2, the company confirmed and summarized its position on this question in these words:

> The law clearly gives individual employees, or groups of employees, full freedom of choice as to how and by whom they will be represented in bargaining with their employers.
>
> We cannot deny our workers their right by agreeing to bargain with any one group to the exclusion of other groups or individuals. Consequently, we will continue our practice of bargaining collectively, through representatives of their own choosing, with any groups of our employees which may approach us; we will also negotiate with any individuals who choose not to affiliate with any group.

At no bargaining meeting up to this time, it should be noticed, had any grievances been presented for adjustment. Alleged grievances had been discussed but once, at a hearing October 11 before the NRA Compliance Director for Wisconsin. After that the complaints were referred to Washington, but, we understand, not docketed, presumably because no case had been made out.

From November 29, 1933, to June 18, 1934, the company had no further direct communication from the union, no request for another meeting. Then a letter came, dated June 18, enclosing a proposed memorandum of agreement in which were embodied 14 demands. On July 6 company representatives and the union committee met to discuss these demands. Then, by mutual agreement, the company, on July 11, stated in writing its posi-

(Continued on page 68)

Union Proposals and Kohler's Reply

A.F. of L. Union Proposal	Kohler Co. Reply
1. That the principle of collective bargaining for working conditions and wages be recognized fully by the Company, in conformity with Section 7 (a) of the National Industrial Recovery Act.	**1.** Kohler Co. has signed certificates of compliance with the several NRA codes covering its lines of manufacture, and will continue to recognize the right of its employees to bargain individually or collectively in full conformity with Section 5 (a) and Section 7 (a) of the NIRA.
2. The Company agrees to confer with a conference committee named by Federal Labor Union No. 18,545 on any and all matters affecting the workers of the Kohler plant.	**2.** The Company will continue its practice of conferring with individual employees, any groups of employees, or their chosen representatives.
3. Seniority in their customary work and positions shall be assured all employees. This means that when reducing the force, employees hired last shall be laid off first; when increasing the force, those laid off last shall be re-employed first.	**3.** When it is necessary to reduce or increase the force, such human relationships as married men with families, home obligations, and dependence on this Company for employment, will be considered, as well as seniority, skill and efficient service.
4. No employee shall be discharged, demoted or otherwise disciplined except for just and sufficient cause, and only after a hearing in case any employee affected demands such hearing.	**4.** The right of an employee, long recognized in practice by this Company, not to be discharged, demoted or otherwise disciplined except for just and sufficient cause and then only after a hearing, will be preserved. At such hearing the employee can be represented by anyone he chooses.
5. A week's work shall be not more than thirty (30) hours. Not more than six hours shall constitute a day's work. Not more than five days in any calendar week shall constitute a week's work. Provided that exceptions to the above may be arranged between the representatives of the workers and the management in cases of operations which cannot be interrupted without damage to the product. Provided further, that the hours of labor for employees engaged on what is recognized as extra-hazardous work shall be determined by agreement between the representatives of the workers and the management.	**5.** As provided for in NRA codes under which the Company is operating, no employee will be permitted to work except in emergencies in excess of 40 hours in any one week or eight hours in any 24 hour period or regularly in excess of six days in any seven-day period. On operations regarded as extra-hazardous the Company will continue to observe short operating schedules. The Company is willing to confer at any time with any employee, group of employees or their chosen representatives regarding schedules.
6. Employees laid off since August 15, 1933, shall be returned to their positions as soon as possible, and before others are afforded employment. To facilitate such re-employment, the Company, in agreement with the Committee, shall, if necessary to effect the employment of the greatest number, arrange for a general work period of less than thirty (30) hours per week.	**6.** When the Company's business permits, employees laid off since August 15, 1933, will be offered employment before new applicants. . . . The Company cannot commit itself to keeping large numbers of men at work on uneconomical schedules.
7. Employees shall be classified in four groups: Common labor, semi-skilled, skilled, extra-hazardous.	**7.** The Company is engaged in a number of technically unrelated industries and produces many thousand different articles, involving tens of thousands of different operations. The complexity of these operations, and the various degrees of training, experience and skill required necessitate many diverse classifications.
8. Upon acceptance of this agreement by the Company and the representatives of the workers, each party shall immediately appoint two representatives to make a classification of occupations in the plant and determine wage rates for the different classes of work.	**8.** These many classifications of operations demand, in fairness and justice to the men, rates of compensation commensurate with the degree of training, experience, skill and other factors involved. The Company will continue to apply this principle. If at any time any individual employee or group of employees should feel that an inequitable condition exists, the Company will confer with them or with their chosen representatives.
9. The minimum hourly rate for common labor shall be 65c.	**9.** The various codes under which the Company is operating provide for a minimum hourly wage of 40 cents. . . . The overwhelming majority of Kohler employees—approximately 95% —are on a higher earning basis than the minimum. Adverse business conditions . . . make it necessary for the present to observe the 40c Code minimum.
10. All rates on piece work shall be 30 per cent higher than the minimum rates on day work.	**10.** Piece rates will permit earnings of at least 30% in excess of the 40c minimum hourly day rates.
11. When, in cases of emergency, it becomes necessary to work overtime, time and one-half shall be paid. Work performed on New Year's Day, Christmas Day, Memorial Day, Independence Day, or days celebrated as holidays, shall be paid for at double time rates. No work shall be performed on Labor Day.	**11.** When in case of emergency it becomes necessary to work overtime, time and one-half will be paid. For work performed on New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, time will be paid for at double rates. This is now the practice. . . .
12. No employee shall suffer a deduction from his compensation for faulty work, unless it be determined by his representatives and the employer that such defection was due to gross negligence or willfulness.	**12.** In case there is a question as to the causes of faulty work, the employee, if he chooses, can designate a representative to act for him.
13. In case a satisfactory adjustment of any grievance or controversy cannot be reached between the parties to this agreement, the dispute shall be referred to arbitration. Each party shall choose two representatives. If these four cannot agree, they shall select a fifth member to the Board of Arbitration as its Chairman. Any arbitrable points in contention shall be determined by the chairman.	**13.** Should occasion arise where a satisfactory adjustment of any question affecting any individual employee or group of employees is not reached by the regular processes of negotiation, the Company will consider with them or their chosen representative other means that may promise a fair and amicable solution.
14. This agreement shall remain in effect for six months from date of execution. Unless either party serves notice at least 30 days before its expiration, of a desire to modify the agreement, it shall automatically be continued in force until changed in accordance with the provisions herein stated.	**14.** In the event that any change becomes necessary in the arrangements affecting the employees as outlined herein, the Company will gladly discuss the questions with any individual employee or group of employees or with their chosen representatives.

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PHOTOS FOR NATION'S BUSINESS BY HERBERT KERKOW

"Perhaps I am overly cautious"

Customers

SOME years ago the merchandise manager of a great New York department store told the editor of this magazine:

"We're more concerned with Klein of Union Square than with any competitor on Fifth Avenue or Fifty-Seventh Street. Maybe he's nearer right in his ways than we are. Anyway he worries and interests us."

Certainly S. Klein is a remarkable merchant. In 25 years his business has grown to an annual volume of $25,000,000. His methods, explained here, work in his town. They might not work in yours but his story offers additional proof that the "little fellow" with an idea and courage need lay no flowers on the grave of Opportunity

YEARS ago I advertised—I am ready to try anything once. However, my last sales advertisement published in New York City newspapers in 1925 almost caused a riot in front of my store on Union Square. Police reserves had to be called out to prevent the crowd from breaking windows and otherwise wrecking the place in its efforts to get inside the store which was already so full of customers that people were likely to be hurt.

That day I decided I couldn't afford to advertise because my store was not big enough to handle the business advertising brought to it.

We made the store bigger. By March, 1926, it was six times larger than it was in 1925. On Wednesday I advertised in the newspapers that the additional space would be "Ready Soon." I planned to advertise the formal opening of the enlarged store the next Monday, but in the meantime to open the new floors to any customers who might come in so that the new employees could get some practice in their jobs.

By Friday the new portion of the store was doing a capacity business. Saturday we had to hire more help.

"Mr. Klein, if you do any more advertising we'll need the whole police force to help you run your business," said the police inspector of the district.

I have not advertised since except to let people know twice a year in September that the store will be closed for Rosh Hashana and Yom Kippur. I am a peaceful and law-abiding citizen.

People ask: "Why don't you build a store so big that you'll need advertising to fill it?"

That was not my idea of running a business when I opened my first store in a little second story room at No. 81 Bleecker Street in 1906, and it isn't my idea now. My plan then was to have just enough space to take care of my customers and to pay no more rent than the demands of those customers made necessary. That is still my plan.

Perhaps I am overly cautious and lacking in ambition but I have always felt that a bird in hand is worth two in the bush. The customers I did not have never have worried me, nor have I ever lost sleep over business I didn't have but might get.

During the 28 years that I've been running a store I have seen many men open small shops just as I did, make a go of the small shop, and then decide that all they needed to make twice as much money was twice as big a store. A few of them guessed right but most of them guessed wrong, largely I believe because they thought too much about getting new customers and too little about keeping their old ones.

It may seem obvious to say that, after all, the growth of a business depends on the demand for its services and not on the hopes and ambitions of its proprietor. Yet eight men out of every ten who go into business for themselves and enjoy some initial success completely forget this. They start out with a good plan. Then they get ambitious and think up a grander, more imposing, plan. Such plans are invariably based, not on the demand that is, but on the demand that might be IF—

Meeting the demand only

I HAVE left all "if's" out of my business. Before I add a foot of new space or hire one new girl I have to know that the demand has preceded and created that particular need. When I stopped advertising, the store had 150,000 square feet of floor space; now it occupies 400,000 square feet. Customers on hand ready with cash to buy, and not S. Klein, forced that expansion.

When we did advertise I wrote my own copy. Its chief merit, if it had any, was understatement of the truth. I have always believed that a surprised customer is better than a disappointed one, or better even than a

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Manage My Business

By S. KLEIN

"On the Square"

merely satisfied one. The customer who finds a $15 value when you promised only $10 is going to stay a customer a long time and also bring in other customers. And it costs the merchant nothing to build up his business in this way.

The best advertisement I ever wrote was an accident. The subject was a sale in which the customer, in paying for a purchase, was to deduct $4 if the price tag was more than $25; $3 if it was more than $15; $2 if it was more than $5, and $1 if the tag called for $5 or less.

After the advertisement was published, one of my associates hurried to my office.

"You say to take $1 off the price tag below $5 and we have 750 dresses in stock tagged at $1," he said. "One dollar off one dollar means we get nothing."

That was something I had overlooked when I was writing the advertisement, but by the time the mistake was discovered it was too late to make any correction.

"All right," I told my associate. "We'll have to give away the dollar garments to every customer who picks one."

My customers are women, who are supposed to be sharp shoppers, but not one in ten had caught the mistake in the advertisement. Practically every purchaser of a dollar dress brought a dollar to the cashier to pay for it, and was much surprised when she got the dollar back.



"There are no sales people in my store. Garments are hung on open racks and people help themselves"

The story got around and I was credited with a smart piece of publicity, when the fact was that I had simply been dumb, though not too dumb to fail to keep the promise of my advertisement.

Barnum may have been right about people liking to be fooled, but Barnum was running a circus that kept moving all the time.

There seem to be many mistaken ideas as to how my business has attained its present volume. On big days more than 100,000 women come into the store and about a third of them buy something. We have sold in one year as many as 3,000,000 dresses, 1,500,000 coats and 750,000 tailored suits.

Not a year has gone by when we did not have to add

Many nationalities are among the customers who help S. Klein turn his stock twice a month



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to our selling space. I do not wish to attach undue importance to misunderstandings or seem to take personal pride in my methods, but I know of no other way to make the situation clear except by telling in my own language my ways of doing business.

In the first place, I have an advantage over most retailers because I have been engaged in every branch of the trade. I have been a cutter, have graded patterns, designed, manufactured and been a wholesaler. Also I have been a salesman, and until about 14 years ago when my business reached a volume of $4,000,000 a year, I did every bit of my own buying, sometimes seeing more than 100 salesmen a day.

No efforts at selling

SECOND, I have never tried to sell anything to anybody. There is not a sales person in my store, simply because years ago I became convinced that the time of most salesmen is wasted in trying to sell people things they don't want. In my store all garments are on open racks and plainly graded as to sizes and prices. Customers wait on themselves, but those unacquainted with the stock may have help if they ask for it, which they seldom do once they know our methods. They may take all the time they want and try on as many garments as they wish. If they find nothing that suits them nobody bothers even to ask why.

Third, I have never tried to dissuade a woman who has changed her mind. If she is dissatisfied with a garment for any reason whatever, and brings the garment back within five days with the price seal unbroken, she gets her money back on the spot without question. We don't give credit slips. We deal only in cash both in selling and buying.

Fourth, my entire stock must turn over on an average of twice monthly. If a garment won't sell in two weeks at $10 it is cut to $8. If it won't sell at $8 it is cut to $6, and so on until it does sell. However, 85 per cent of the stock is sold without a mark-down because—

Fifth, my average mark-up is about ten per cent. My cost of doing business has been as low as seven per cent of my net. The reasons? I have no charge accounts, no deliveries, no mail orders, and I always pay cash when I buy, which gives me a five per cent to ten per cent advantage or even more at times over those who do not pay cash.

My side-street store frontage, which ordinarily would be given over entirely to show windows, is rented to small shops. This takes care of my real estate taxes and carrying charges.

Moreover, since I have no salesmen, I have no salesmen's salaries and commissions to pay. My employee roll numbers about 1,500 people.

Sixth, I am the sole owner of my business without a board of directors to consult, stockholders to please, and a lot of high-salaried vice presidents occupying fine offices. This is the only type of ownership under which I possibly could have been permitted to continue my original small-store policies. Directors and stockholders would have insisted upon expansion, in an imposing store edifice.

They would have made Klein's On The Square just another big store. They would have been ambitious.

Customers run the store

AND seventh, I buy what women want me to buy because I make it a point to know what they want and not guess at it.

Whenever a garment is sold, the cash register that rings up the sale stamps the date and selling price on one-half of the price tag, which also identifies the garment. This half of the tag is clipped off and goes at once to tabulating machines.

Soon after the store's closing the first reports are on my desk of what women are buying, and it is from these reports that I buy. Until I know what a new style will do I buy sparingly. First, last and always the customer manages my business.



The original Klein store was a second story room. Today it occupies 400,000 feet of selling space. The side street frontage is rented to small shops

Small Loans and Safety

By HERBERT COREY



The small borrower reduces the principal with a small payment each month

WHEN John Smith doesn't pay his doctor because taxes are due and when the doctor, therefore, lets the grocer's bill slide, the repercussions on national business may seem insignificant. But the fact is debts of this sort total $15,000,000,000. Mr. Corey tells how some may be paid soon

FIFTEEN billion dollars are owed in short term personal debts in the United States. The total is not precise because no one knows. It approximates Europe's war debt to us and is of greater importance, for the debts that Americans owe to Americans will mostly be paid. It is probable that for one-third of this sum proper security has been given, interest is being paid on it, and the debt will be met at maturity. Another third is in overdue rents and open accounts. My friend, John Smith, has several of them. He owes his doctor and his coal man and his grocer. Each month they bother him with bills and collectors and telephone calls. Mr. Smith has sustained a severe loss of temper.

"I'll pay these bills," he maintains. "I'm a little short just now, but I'm good for every cent and they know it. They ought to quit bothering me."

His doctor is also being bothered. He owes his landlord and the garage man. His wife needed seasonal clothes. She ran an account at the department store which has not yet been closed. His coal man is having increased trouble in paying for the coal as it comes from the mines.

His grocer has been sitting up nights over his books so long that he had to get a new pair of glasses. They are not paid for. Two or three of the wholesale houses with which he deals are in the hands of the banks. The banks took their paper because they believed it to be good, but they could not realize on it if they were pushed. Every one along the line is losing in money and wasting time and gaining in bad temper because the man below is slow pay.

"If the men I haul cinders for would pay on the spot I wouldn't have any trouble," said the worried John Smith. "They will pay me, all right, but when they hold me up they put me in a hole. I have to pay some of my truckmen by the day or their families wouldn't eat. Sometimes I have to stand off the others because they can get credit at the stores."

It is a thoroughly unsystematic condition, of course. Each community is made up of chains of men who are good pay but slow pay. January's bills are discharged in June. By that time others have accumulated. The seller fears to press the debtor lest he take his petty cash and go to another merchant. The honest debtor cannot meet the eyes of the salesman when he says "charge it." It is apparent that, if a means could be devised by which these running accounts, or a considerable share of them, could be discharged in cash, American business would make a long step toward health. Not long ago the newspapers reported the case of a merchant who had closed his doors:

Can't refuse credit

"I CAN pay one hundred cents on the dollar now," he said. "But if I go on I might not be able to do so. I cannot refuse credit to good men who have dealt with me for years. They cannot pay their bills."

Objection was made that customers who do not pay are not good customers.

"They will pay in time," he said. "Every one of them. But I can't wait."

If all these delinquent debtors could borrow enough on businesslike terms to pay their small debts every one would benefit. The tide of money would swell upward, wiping out present dangers and inconveniences as it rose. The borrowers would owe no more than they do now and would be saved both money and embarrassment. It is apparent that the merchant who sells on very long time cannot sell as cheaply as the man who gets cash.

The reason why the small debtor

who has the security of character and industry sometimes fails to borrow to clean the slate is two-fold:

In the first place he often does not know that he can borrow up to $300 for his domestic needs on terms that are absolutely fair both to borrower and lender.

In the second place he has heard so much about the "loan shark" that he is likely to lump all lenders of small sums under the most unpleasant designation.

He should understand how the quality of a security affects the conditions of a loan. A bond of the United States Government is at present the most desirable collateral that can be presented at the counter of a bank. If John Smith, who has trouble in getting paid for cinder-hauling, had a thousand dollar Liberty Bond he could go to his banker.

"I want to get rid of a lot of little debts," he might say. "What can I borrow on this?"

The best collateral

HE would get almost the market value of the bond. On the sum borrowed he would pay six per cent interest. The banker would handle the transaction in just the time needed to find a blank form and scribble the necessary descriptions on the proper lines. But if Smith brought him a municipal bond the situation would change a trifle.

"Hum," the banker might say. "Ha, a six per cent 20 year gold bond of Bloviopolis, hey? Wait a minute."

During that period of prosperity at which today's wise men sneer as the "easy money era" many cities issued bonds. Some have not been able to keep up with the interest. If the Bloviopolis bond is quoted in the market columns the situation is eased. Good municipal bonds once ranked next to government bonds and some of them still do. The banker may be compelled to institute an inquiry.

"Come back tomorrow, Mr. Smith," he may say. "I may be able to let you know by that time."

If the reputation of the Bloviopolis bond is somewhat blown upon the banker will be very chilly toward Mr. Smith. If he lends money on it he must keep himself informed continually and that is a nuisance. The attraction a bond exerts on a banker lessens as the curve descends. A good industrial bond may have all the real value of a municipal bond, but unless the banker knows the company issuing it and the bond is quoted daily in the stock market reports he is compelled to be chary. Before lending on it he must take time to consider the trade outlook, possible tariff changes, the labor threat, the banking situation, the likelihood of political tinkering, and other items which are a part of that security, even if there is nothing to be found about them in the fine print. Preferred stock issued by a healthy company would rank next to the industrial bond in a banker's esteem, if there were no bonds ahead of it. The bankable value of preferred stock is, of course, lessened by the bond issue.

There are common stocks of great value, but the banker who deals with John Smith will not regard common stock as a class as good security as the preferred. If a healthy company issues only common stock and no bonds and no preferred stock that has a very different rating from the common issued by quite as staunch a company which has put out other classes of security. By the time John Smith has grubbed around in his tin box and hauled out a package of common he is likely to be close to bedrock. The banker may say:

"Sorry, Mr. Smith. But we'll have to have some more collateral for this loan—"



With husband and wife cooperating the small loan banker is able to help budget income to make payments easier

Difficulty in mortgage loans

IF Smith has a house, a good house, with open plumbing and oil heat and all the other modern delights, he will discover when he attempts to borrow money on it that several things beside bricks and mortar are considered in the transaction. He may get a loan at six per cent, it is true, but it is certain that he will be compelled to pay a heart-rending commission to the broker who negotiates it. Smith will unquestionably denounce this broker to his wife and if he is a public speaker he will have something to say about those who grind the faces of the poor.

The broker will maintain that he earns every penny of the commission. He is compelled to keep up an establishment for the purpose of finding out what kind of a man is the John Smith who wants to borrow money, and what kind of a house he lives in, and in what condition he keeps it, and whether the neighborhood is appreciating or declining in social value. If the careful broker will not lend enough money on a first mortgage, Smith may be able to find another who will take a chance on a small sum on a second mortgage. He will pay a larger commission and various charges will be deducted from the face of the note. If Smith gets his second mortgage money for 20 per cent a year he is lucky.

These facts seem not to have been considered by the U. S. Government when it went into the business of lending money on houses and farms. Or if they were considered they were not fully appreciated. The governmental assumption was that the voter needed the money and the Treasury had it and that the transfer could be made as soon as the voter could get to the window. When the home and farm loan administrators began to get busy, however, they found so many obstacles to the prompt transaction of business that the would be borrowers began to sound like the wounded on a battlefield.

"Hundreds of dollars are spent in

administrative costs although only thousands of dollars are lent," they said.

There was much truth in this at the outset, for the administrators were building an assessing machine. Because its employees were unused to lending money on real estate some of them enforced extremely rigid rules. There is a story of a farmer who had a good farm but could not borrow money on it from the Government. His congressman finally took the matter up.

"John Smith is not regarded as a desirable customer," he was told.

"And why not?" The Congressman was explosive. "He has a good farm and he needs the money. You are lending to other men in his position."

"But this John Smith gets drunk," was the prim reply. "And we fear he is an infidel."

At the bottom of the list of securities are those in which pawnbrokers deal. Five years ago first water diamonds could be pushed across any pawnbroker's counter and 50 per cent of their original cost would be pushed back. The interest rate was high, although this was controlled in the larger cities by the provident loan societies which were in part at least backed by semi-philanthropic organizations. It is recognized that the interest rate on the average loan must be high enough to cover the fact that many of the loans are for so short a period that the pawnbroker barely gets pay for the time and overhead involved in writing out a ticket. Unredeemed pledges are required by law in most states to be held 12 months before being disposed of, so that the borrower may have a chance to get back his property. It often happens that they are held for many other months before they can be sold.

"I am permitted to charge two per cent a month," one pawnbroker told an investigating committee. "If I could get six per cent a year with safety on my capital I would make more money."

Help from small loan companies

IT MAY be that John Smith has no tangible security to put up, but that he needs money quite as badly as though he had bonds and diamonds. The fact that there is nothing in the sugar bowl has never yet kept little Johnny Smith from having trouble with his tonsils. The Smiths take account of stock. He has a job, she is a good housewife, the children are well behaved, and they have furniture for which they paid $2,000. They are being annoyed by collectors for the first time in their married life. Mrs. Smith cries about it at night.

"I just can't stand it. The neighbors see them coming to the door—"

"I'll borrow the money on the furniture," says John, bravely, "and pay off these little debts. This is just a temporary emergency. Everything is coming out all right."

He discovers that his furniture is not regarded as good security. The sale of worn household goods is slow and the prices realized are inconsiderable. If he has taken the trouble to inform himself, however, and he is lucky enough to live in one of the 29 states which have enacted the uniform small loan law, he will go to one of the personal finance companies. These companies are, in fact, loan banks equipped to deal with the man who wants a little money and has only the security of his character and his job to offer. The conditions under which they may lend money have been rigidly limited by the law.

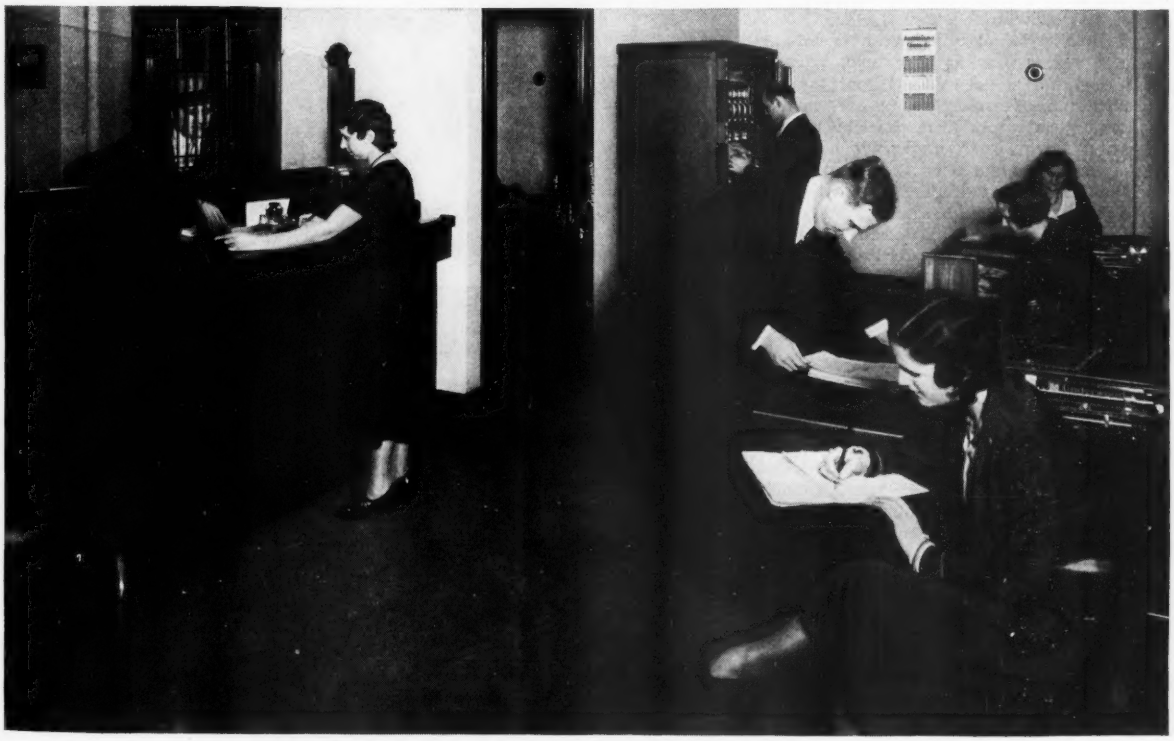
"Suppose we fill out this application," the banker will say. "Then bring your wife in tomorrow and we will talk this matter over."

"If you could let me know today," John Smith is likely to say. "It's important. My wife is worrying—"

"But we must complete our investigation at your home. Find out something about you. We'll make it as snappy as possible."

If the borrower has had previous dealings with banks, in which he offered Liberty Bonds for security, he may think that he should pay not more than six per cent. That was the interest rate, he recalls, on such oc-

(Continued on page 61)



Investigation, bookkeeping and overhead are the same for a $30 loan as for a $300 loan. It takes one man nearly a day to check an application

New Rules for Transportation

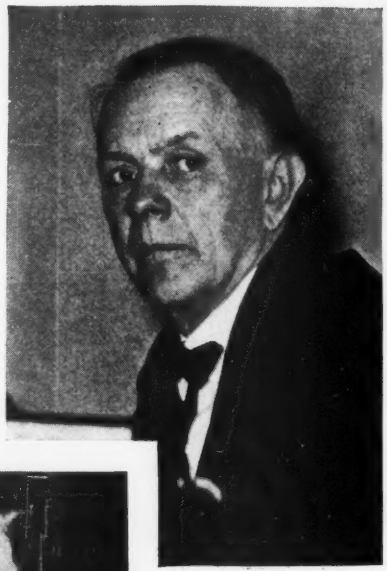


John J. Pelley, President of the New York, New Haven and Hartford, heads the new Association of American Railroads



PHOTOS BY UNDERWOOD & UNDERWOOD

Railroad Coordinator Joseph Eastman confers with A. F. Whitney, chairman of the Railroad Labor Executives' Association, in an effort to prevent a wage dispute



Rep. Samuel Rayburn is expected to be chairman of the Committee through which new railroad laws will reach the House



In the Senate, Burton K. Wheeler is in line for chairmanship of the Interstate Commerce Committee which gets the railway question

IT APPEARS that members of Congress will need to qualify as transportation experts before they get through the coming session at which the Administration is expected to present the New Deal program for solving problems in this field. This program has been in preparation for 15 months under the guidance of Federal Coordinator Joseph Eastman.

Coordinator Eastman has repeatedly pointed out that the economies contemplated in the Emergency Railroad Transportation Act of 1933, under which his office was created, were greatly restricted by the labor provisions limiting reductions in railway staff. Mr. Eastman's activities have, therefore, largely been in making studies preparatory to recommendations for solving various phases of the transportation problem. Reports already issued dispose of the question of government ownership, at least for the present, oppose any sweeping consolidation schemes, and recommend regulation of commercial carriers on the highways and waterways. He also proposed several amendments to the Interstate Commerce Act, particularly one to liberalize the long and short haul clause. Other reports suggest car pooling and joint handling of less-than-carload shipment through two competing railroad-owned agencies. The railroads are considering these recommendations.

Additional studies consider whether and to what extent different forms of transportation benefit by government subsidies; take up the handling of carload freight and passenger traffic, compulsory consolidation and labor questions.

Another important subject likely to receive consideration by Congress is as to whether a permanent government department or agency with functions similar to those of the present Coordinator should be created.

Paralleling these proposals for government action the industry has taken a significant step in organizing the Association of American Railroads. The existing national organizations of the railroads have been combined in this association which has been given increased powers and is expected to work out better methods for coordinating transportation service and increasing railroad efficiency—and cooperating with Government, shippers and other forms of transportation.

XUM

What the Average Customer Thinks

By DONALD A. LAIRD

Director, Department of Psychology, Colgate University

HERE'S the average customer as a psychologist sees him. Hard-boiled salesmanagers—who are also psychologists of sorts—are invited to measure their own analyses against this one

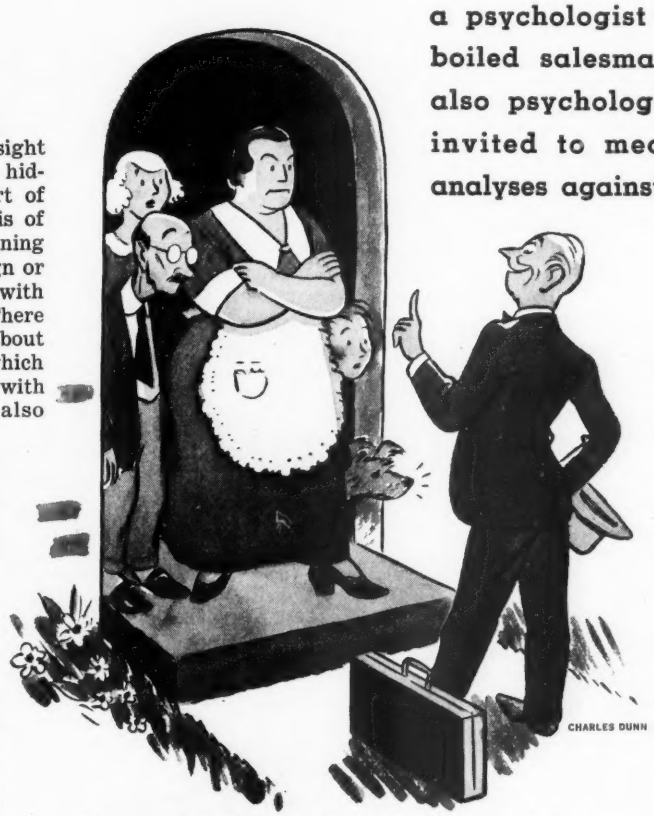
NEVER should we lose sight of the fact that it is the hidden, the unconscious part of human mental life that is of basic importance in planning a merchandising campaign or in dealing, face to face, with an individual customer. There are many superficialities about human nature, however, which are well established and with which merchandisers also should be acquainted.

What is bought depends, for instance, not entirely on what people want or how strongly it is wanted in their subconsciousness. How much money they have complicates their buying.

At the peak of the boom the average *per capita* income was around $750 a year. Alone, this sum would afford little more than the bare necessities—food, shelter and taxes in one guise or another.

The family has more to spend than the individual, however, since many who are too young to work, or who do not work, or who wouldn't work if they could are included in computing average income. In the average family more than one person brings in wages each week — yet around 80 per cent of the family income is determined by the wages of the head of the house. "Everybody Works but Father" was a tuneful but not a truthful song.

There are four persons in the average family. The debts the average family owes total almost $400. Half of this indebtedness is due to installment payments still owing and to sums owed the corner grocer, the department store, and other open accounts. Loan sharks don't trouble the average family.



One member of the family dominates in its decisions. Usually it is the husband, but not always

It is useful to know that the members of a family tend to think pretty much alike, to have the same prejudices and partialities. If one member uses patent medicines, the rest are likely to doctor themselves. If one is movie crazy, all are likely to be—they may be born that way or they may get that way, but they are more alike than they are different.

If one member thinks the family should have a new automobile, the others are going to think so too in a short time; they may not agree on the color of the car, but on essential features and needs they are usually pretty much in agreement. They all want a car, or radio, or new paint for the house.

Although the family thinks pretty much alike, one member of it probably dominates in decisions. Usually this is the husband, but not always—sometimes he just supports the others and lives with them. Early in the discussions the salesman should determine which member really dominates and then talk largely to that one, letting the others listen in from the ringside.

Many individuals have more than the average of $750 a year to spend. In normal times the average city wage is $1,400 each year. The average bank deposit is $700. But several million persons are not depositors. The average includes only those who are lucky and farsighted enough to have some money laid away. A few persons have more than a million dollars on deposit, but most of us have not much more than $50.

So credit and good character are still needed to enable thousands of people to get the things they crave.

When an average person gets a little more money than other average persons, he promptly uses most of this to get something he wants. That does not end his wants, unfortunately for his credit. Wants are never stilled. The urgings of the unconscious are not permanently satisfied by a single purchase or even by a year's splurge of spending. Thomas

Edison said "the stomach is the only part of man which can be fully satisfied." Paul Mazur, of Lehman Brothers, observes in like vein "human desires seem to have no limits."

Wants are almost limitless

EARNING power, in relation to the price level, is one obstacle to satisfaction of these desires.

Another is the fact that your so-called reasonable man is unreasonable enough to want everything under the sun.

Take electric refrigerators, for instance. In Appleton, Wisconsin, according to a survey by *Time,* 5.5 per cent of homes where the annual family income is under $2,000 have such refrigerators. But of families with $3,000 incomes 12.3 per cent have the electric boxes. Thus when income is increased by $1,000, electric refrigerator consumption is more than doubled. What a whale of a difference a few dollars make!

Vacuum cleaners tell a similar story in Appleton. They are found in 70 per cent of the homes with the lower income, and in 93 per cent of the homes with the extra income. And, since vacuum cleaners represent smaller investments than electric refrigerators, 12 times as many of the $2,000 families have cleaners as have refrigerators. The situation is almost exactly the same as regards radios.

Probably just as many families having less than $2,000 incomes want refrigerators and cleaners and radios, but they simply cannot buy them, not even on liberal credit terms.

No wonder there are so many restless, scheming, hopeful folk!

Who are these persons with the high-average income? The following table shows some of them, how many there are, and what they earn:

WHO	HOW MANY	EARNINGS
Policemen	82,000	$1,914
Firemen	51,000	1,933
Foremen	473,000	2,000
Nurses	150,000	1,900
Railroad and engineers	110,000	3,000
Postmen	90,000	1,900
Printers	140,000	2,200
Librarians	15,000	2,000
Tool makers	55,000	2,200
Good farmers	1,000,000	2,000 up
Professions	1,400,000	2,000 up

Our average man barely finished elementary school. Some 11 million average men, sad to admit, failed in elementary school. Yet they buy goods, and some of them who are in "Poor's Register of Directors" buy a great deal of goods. Thirty per cent of us are unable to understand what is looked at in a newspaper, and fail to keep in touch with the home folks because of inability to write a letter home. This 30 or so per cent, however, can peruse the news pictures and comics, or can send a picture post-card with the laconic message "We had been busy working hard." An almost negligible one per cent has finished college.

So the seller has to explain how his articles work in easy A-B-C stages. The average man is certainly no Einstein, and the salesman with a period of factory training is apt to know so much about the product that when he explains technical details the prospect cannot understand what it is all about.

Since the average man really has so little education, it is much better to show him, to demonstrate, to let him feel and hear, than it is to try to explain to him. We will learn more about this shortly.

He is most likely to buy life insurance in December. It's hardest to sell insurance to him in September. This is not because he has more information in December—the summer sunshine simply has made him feel healthy and long-lived in September. The winter doldrums, well set in by December, make him a bit more concerned about his permanency.

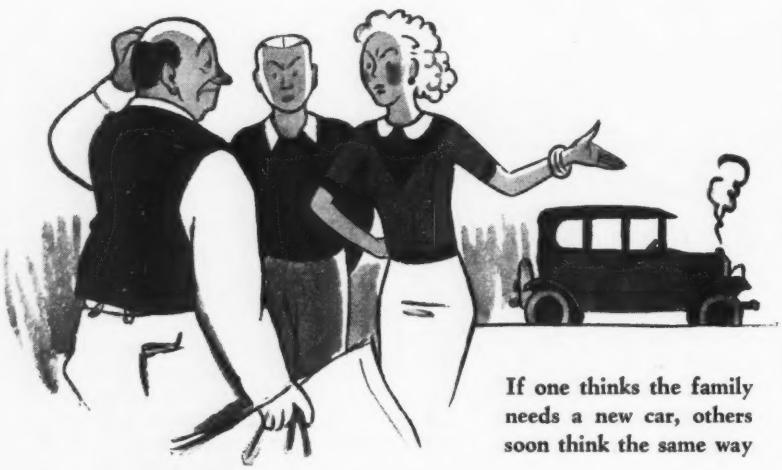
This average man does not know where the Buick is made. He is just as vague about the name for an eight-sided figure. And he does not know how many legs a Korean has.

He shuns abstract ideas. He would much rather look at something or handle it. "Economic reconstruction" sounds bad to him, but he fancies a "new deal." He cannot straighten out the relative meanings of establish, abolish, begin, end. He does not know whether recoup and recover mean the same thing.

Since abstract thinking is not only difficult but is actually shunned, it is wise to show the uses rather than to explain them through a canned sales talk. A house-to-house salesman trying to sell a special combination wrench for tightening kitchen stoves could not interest housewives until he hit on the plan of not talking about it.

He went right to the kitchen stove, with the somewhat amazed lady of the house trailing him. He tightened everything on the stove with the wrench, then showed by pointing here and there how much heat she had been losing, and why she may have had trouble baking some things. When he became concrete in this way he began to sell.

Advertising barnyard sawmills to farmers through big headlines which emphasized the low price of $200 proved fairly futile. Like the city fellow, a farmer is just not built to think too far ahead. When the same advertisement was made to do some thinking for the farmer, simply by changing the headline to read "Cash from your wood lots!" inquiries were doubled.



If one thinks the family needs a new car, others soon think the same way

Looking first at red

THE average customer likes colors, but he has poor taste in them. He likes a pretty necktie, but will wear a gorgeous blue tie with a brown suit. He will look first at something which is colored red, then at something green, then at orange. He looks at purple last.

Red will get his attention first, but his attention shifts about every two seconds, except when he is especially interested. He will read the red line first, but he quickly tires of looking at it. Movie scenes have to change rapidly, vaudeville has to have lots of action to hold his attention.

He stays away from stage plays

and buys few books, because he is constitutionally opposed to giving attention for a long period of time. A long time, in his case, is a little more than two seconds.

Pictures appeal to him. He will look at them longer than at most things. He looks at the rotogravure and comic strips, but may not read the newspaper that is thrown in with them. A small advertisement for a watch increased sales by one-third when a small picture of the watch was included. A picture on the return card used in a direct-mail campaign increased the returns by around 25 per cent. There should be a practical lesson in the fact that every item in the big mail-order catalogs is pictured. And in the fact that Tiffany and Company now use pictures in their advertising. It is easiest for the average man to read when black type is used on yellow paper. But the "dirty" shades of yellow he dislikes more than any other color.

Dislikes smelly things

HE has his likes and dislikes in smells, too, and is prejudiced against products that have smelly finishes. He is also prejudiced against the product which is offered him by a salesman redolent of garlic, perfume or whatnot.

He stays away from smelly stores and show rooms.

Wintergreen and peppermint are his favorite odors. He hates the odor of common kerosene. When silk hosiery has its natural oily smell altered to a faint narcissus he thinks it is of a much better quality.

A drug house, for example, recently pushed the sale of its special talcum powder on the basis of its purity —but later studies showed that 60 per cent of the sales were made because the purchaser liked the powder's smell.

It taxes the average man to figure out how many cigars he could buy for 40 cents if he bought two-for-a-nickel factory throw-outs. He cannot figure out whether warships are painted gray because that color is more durable, makes them harder to see, because it is cheaper, or because it was Alice Roosevelt's favorite color.

So, naturally, it is hard for him to

(Continued on page 64)

When and How to Make Ends Meet



UNDERWOOD & UNDERWOOD

The budget is now the problem of Acting Budget Director Daniel Bell

WITH political puzzles the fashion, the riddle of the budget continues as one of the most durable deterrents to confidence. When and how will ends be made to meet? The business community makes a virtue of hope, though events give little reason for optimism.

In his budget message of last January President Roosevelt estimated expenditures for the fiscal year ending June 30, 1934, at about $10,500,000,000, against receipts of some $3,250,000,000. For the current fiscal year, he placed ordinary and emergency expenditures at about $6,000,000,000 compared with receipts of $4,000,000,000.

As matters stood at the end of the first quarter of the current fiscal year, the Government was spending about $3 for every $2 it took in.

Can expenses be held down to a level which will ease the fear of inflation or check the non-stop flight of taxes? Those who know the pressure of political expediency are doubtful. Various other groups are preparing to demand a cut of pie when the session begins.

This situation is perhaps theoretically susceptible of solution by either "rightward" or "leftward" measures; but, for the moment, the question of which are to be adopted may be less important than an assurance that some solution is being adopted.



UNDERWOOD & UNDERWOOD

Lewis Douglas gave up the job of trying to balance the budget

No Business Can Escape Change

Man's ingenuity is ever at work devising better, cheaper and easier ways of doing things

Water is sterilized, given germicidal power, through a recent process by which minute quantities of silver are electrically dissolved in it. Tasteless, odorless, consuming little power, the process is said to be applicable to municipal, industrial use, swimming pools, treatment of fruit juices, vinegar, etc. . . .

Motorists keep directions straight with a new, small compass and compensator which attach to the windshield by vacuum cups. Resembling an airplane compass, the instrument's rotating dial gives constant indication of the direction of travel. . . .

Sheath of a new lamp cord is so made that it is easily and safely "zipped" open to permit separation of the conductors. . . .

A new coal-burning home water heater also serves as a garbage incinerator. Garbage, contained in a receptacle above the firebox, is said to be completely, odorlessly consumed. . . .

Window shades are protected from dust and dirt by a new inexpensive cover. Easily attached about the roller, it also serves as a guide for the shade, is made in matching materials. . . .

A new double-deck bed is quickly converted into conventional twin beds. Supplied with it is a step stool which serves as a night table when the double-decker becomes twins. . . .

A process for making "flaked" coffee, noted here in June, has now been adapted to spices. It's said to reduce them to such thinness that soluble elements are more readily accessible. . . .

Hunters, hikers are offered a handy new waterproof match case of molded plastic. It has a burning glass set in the top, a compass in the bottom, floats if dropped in water. . . .

Protective qualities of both chippers' and welders' types of goggles are combined in a new four-lens goggle, the outer (weld) lenses of which are hinged to swing upward. . . .

A new one-man, portable gasoline hammer for tamping, breaking concrete, etc., carries its engine on its shaft, weighs 89 pounds, strikes up to 1,500 blows a minute. . . .

Operated by hand lever, a recently developed, hundred-pound jack for heavy pulling jobs (house or machinery moving, stump pulling, etc.) handles up to six-ton working loads through a level-winding drum and cable arrangement. . . .

Take-off shaft speed can be instantly changed, variations as fine as one revolution per minute obtained by the mere turn of a hand wheel on a new self-contained, geared motor; this without stopping it. . . .

Costs are said to be cut by a new finishing system for small metal parts which provides automatic conveying, spraying, baking, drying and cooling. It can be used for any type of work which can be carried on a spindle pin or tray. . . .

Pigment for aluminum paint is now available in paste form, as well as powder. The new form of pigment is said to dry to a very smooth finish which remains clean and bright. . . .

Checked or cracked airplane fabric can be restored without removing the old finish, it is said, through a new preparation which tautens the fabric, forms a foundation for new dope. . . .

A creping process giving paper all-directional stretchability, first used in making textile bag liners, is being applied to artificial leather (permitting severe embossing), etc. Finished sheets have a grained appearance. . . .



A new material consists of soft rubber sandwiched between synthetic plastic. Possible applications: gaskets, vibration-absorbing machine mountings, etc.

Offered for wire-tieing bundles of newspapers, etc., a new 75-pound, semi-automatic machine plugs into any power outlet, quickly tensions, ties, trims 17- to 19-gauge wire. . . .

A new valve, built into a flexible hose section, opens to permit flow of air, water, etc., when the hose is flexed, shuts off as soon as the hose is allowed to straighten. . . .

A porcelain-like material, lately developed for lining processing machines requiring non-absorptive, non-contaminating interiors, is described as stainless, acid-resistant, shock-proof. . . .

Travelling on wheels, a new road surface tester signals high or low spots by flashing on an indicating lamp, marks the spot by squirting a stream of marking fluid on it. . . .

A new drafting machine clamps on the edge of the drafting board, is said to eliminate use of T-square, triangles, scales, protractor, to save 25 per cent or more of drafting time. . . .

A new, small autographic register for multiple-copy handwritten records is no larger than the ordinary sales pad, weighs about a pound when fully loaded with 150 forms. . . .

Sales managers and others are offered a new visible atlas (10½ x 14½ inches) containing 54 maps, hinged on individual hangers and readily removable and replaceable. . . .

A new cylinder lock has four sets of pin tumblers, is opened by a four-edged key, each edge operating a separate set of tumblers. It's said to balk even the best burglar. . . .

A new hosiery display form is made of flesh-colored rubber, resembles a well-turned leg when inflated. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

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OTHER ADVANTAGES OF THIS NEW ADDING MACHINE

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Burroughs prints ciphers automatically. There is no cipher key. As figure work averages 30% ciphers, almost one-third of the figuring is done without touching a key.

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You can touch two or more keys at once. For example, you write 4.67 with one stroke—not three; 77 with one stroke—not two; 5,870.00 with one stroke—not six.



PRINTS TOTALS INSTANTLY



To take a total, touch the total key. This one, single motion—not two or three motions—operates the machine and also prints the total.

EASY TO CORRECT AN ERROR

If a wrong key is depressed, you can see it instantly on the standard visible keyboard. To correct it, merely depress the right key in the same column.



COMPACT . . . EASILY CARRIED



New Burroughs models—smart and modern in appearance—are light in weight, take up little room, and can be carried handily from place to place.

The motor assures fast and easy operation. It is completely enclosed in the case, and uses either direct or alternating current.

FAST ELECTRIC OPERATION

BURROUGHS ADDING MACHINES

ADD • SUBTRACT • MULTIPLY

ACCOUNTING AND CALCULATING MACHINES • TYPEWRITERS • CASH REGISTERS • POSTURE CHAIRS • SUPPLIES

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Progress, if Not Prosperity

By RAYMOND WILLOUGHBY

WHENEVER a new salient of business is pushed forward, progress is served, and it is by these small advances rather than by spectacular displays of power that the world moves forward. Here are a few new salients recently advanced

ANY MAN who gives his senses a chance to report will know that there is a new tempo in American life.

Howard E. Blood, head of the Norge Corporation, catches its beat:

Everywhere one can feel the quickening throb of a new fight. General management is back at its desk with its sleeves rolled up, burrowing into details that never before concerned it. Company presidents are out on the firing line getting an understanding of consumer and dealer slants that never used to interest them. Small Davids are challenging the mighty Goliaths of every industry. The freshening impulse of new products, new models, new values and new distributive methods appears everywhere. The foundation of a new business era is being built. Mark this as the period of progress, if not of prosperity.

The job of meeting new conditions on their own terms is a test which has become increasingly acute for American business since October, 1929. Managements which believed their houses in good order have been forced by the pace of change to regard complacency as a decisive liability. "Let the future take care of itself" is a text to invite an inquest by a commercial coroner rather than the confidence of the customer and investor.

The firms that have asked themselves "What have we done today?" have provided an exemplary object lesson in achieving sustaining progress without the prodigal ally of national prosperity. The heartening spirit of their resourcefulness is distilled in an advertisement by Black, Starr & Frost-Gorham, New York, jewelers, silversmiths, and stationers. Titled "The New Tempo," it reads:



Meeting changing conditions calls for adaptability. In March, 1933, we said that ours was a house in good order; that throughout the depression we had maintained our more than a century standard of quality; that our prices were the lowest in years; that our look was forward.

In the intervening months we have had fresh proof that, no matter what economic conditions are, there is a persistent demand for quality. Still, we have been obliged to recognize that general purchasing power has been reduced, and we have made every possible concession to prevailing price standards. Through a series of quality-at-a-price offerings in the course of the past year we demonstrated our particular ability to provide goods of fine quality at low prices. . . . We have matched our stride to the rhythm of the times. We are forging ahead.

Holding to their plans

AS every business man well knows, pessimism has not lacked for opportunity to chill and complicate the commitments of courage. When the Carter's Ink Company thought of redesigning some of its familiar packages, as Richard B. Carter tells it:

Manufacturers told us that the cost of the caps would be prohibitive; lithographers told us silver-foil paper could not be printed; glass manufacturers told us that our ebony glass model could not be produced. By determining in advance the result we wished to obtain and holding to our plans tenaciously, we finally developed the Inkwell Bottle, which has increased our 25-cent ink sales six-fold in six months.

Alert dealers and their salesmen were quick to see the possibilities of stepping ink sales from ten or 15 cents to 25 cents and doubling their profit. These new packages have put new enthusiasm into our sales force, and into the organization all the way through, from office boys to executives.

Back in the good old days of 1931, the Kelvinator Company decided that Los Angeles would be a suitable laboratory for trying out a new instalment plan of selling, "the first use of the meter plan in the United States." How well the novelty took hold is attested by Kelvinator's sales figures. Sales through major outlets were 261 per cent greater for the first three-quarters of its current fiscal year than for the corresponding period of 1932-1933. Virtually all of the company's major retail outlets use the meter selling plan. If a moral were needed, it might be that even a fairly new product moves better under the acceleration of new selling ideas.

What novelty can do within the framework of an existing business structure is invitingly revealed in the experience of the Milwaukee Electric Railway & Light Company. When the company decided to overhaul its fares it introduced a weekly pass selling for a dollar and entitling the bearer to unlimited transportation in the single fare zone. Of the results of this bargain offering S. B. Way, company president, says:

This weekly pass proved popular, as evidenced by the fact that the pass sales increased from 42,522 a week when the pass was first introduced to a peak of 88,021 a week in less than a year. In the first year of the fare change, street car riding rose 8.65 per cent over the previous year and revenues were maintained on an even keel in spite of the economic depression already under way. Although the loads carried on the railway system during the morning and late afternoon rush periods were reduced because of the severe decline in employment, the weekly pass helped to keep up the revenue by stimulating more short-haul, off-peak riding. At the same time, the pass helped to speed up the service by reducing time-taking fare transactions, because all that is necessary to "collect" a

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Employers of the United States and Canada make protection possible for approximately 6,000,000 employees

The business concerns which are helping their employees to help themselves through Group Insurance are performing a fine service. They are doing their part toward solving one of the country's problems.

It is significant that even though American business was compelled to "trim its sails" during the depression, a large percentage of the Group Insurance previously established through various Life Insurance Companies is in force today.

Not long ago the president of a middle-western manufacturing company was asked "How does your Group Insurance Program operate?" He replied:

"The cost is shared between our employees and the company on a mutually satisfactory basis. Our plan provides a year's wages to the widow should an employee die; it provides a check from the insurance company every week when he is sick or hurt; it provides him a life-time income when he is too old to work. Such economic security is of great value to our employees, their families, our company, and to the community at large."





"I want to tell you that one of the best things our Company ever did was to offer our employees Group Insurance."

Not all employers are in a position to institute such complete plans. Many plans provide just for a stated sum of money for the employees' families in case of death. Some plans also include sick benefits, and others make provision for future retirement as well.

The Metropolitan cordially invites executives to send for plans which clearly show how employers and employees have put into effect Insurance Programs on a sound and economic basis. The Metropolitan will be glad to prepare a plan specially adaptable to any individual business organization.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President **One Madison Avenue, New York, N.Y.**

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pass ride is one careful glance by the car operator.

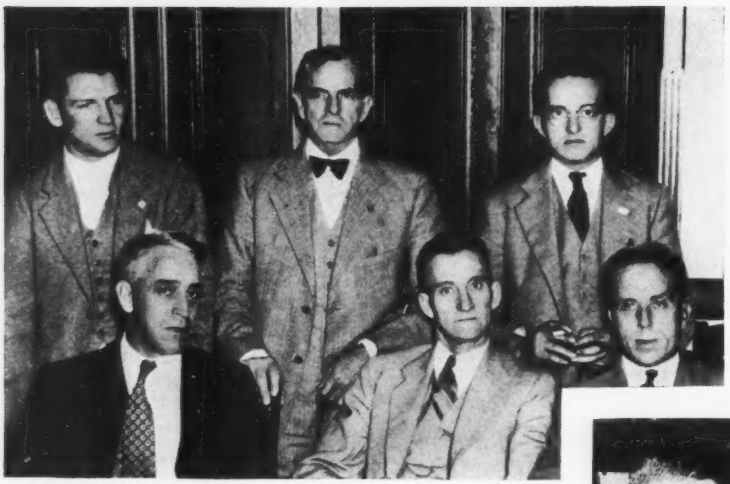
The story of why the American Ice Company of New York entered a seemingly unrelated business—laundry and dry-cleaning, as told by its president, Charles C. Small, points its own moral. Seventy per cent of the company's ice tonnage, which runs approximately 3,000,000 tons annually, is produced from June through September. This seasonal concentration means increasing the working force sharply and, conversely, disbanding this personnel just as quickly when volume shrinks. Obviously, this expansion and contraction of the working force is wasteful from every point of view.

"These men," Mr. Small explains, "are schooled in our methods; they understand our policies, are imbued with our service ideals and, just when they are beginning to function as valuable additions to our organization, we frequently are compelled to dismiss them. We estimate our Long Island City laundry plant to have a volume, when fully equipped, of $1,000,000 annually. Its success will do much to stabilize our operations. Should it make the progress we expect, other laundry units will be started elsewhere."

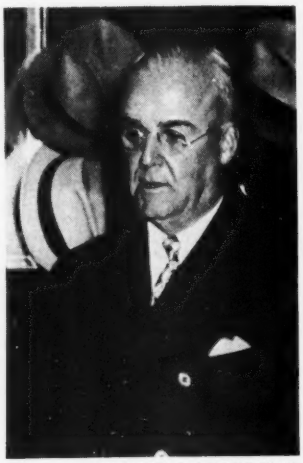
The tonic quality of this expansion provides a text for broader application:

The development of the laundry business has had an electrifying effect upon our executives. Therein lies an important point, which heads of other companies possibly might consider. We have been in the ice business a long time. The chief technical problems have been solved fairly well. We have reached our normal sales development. Our volume has been at approximately the same level for several years. In other words, there was an insufficient outlet for the energies of the sales, production and engineering talent within our organization. This new laundry business has released this executive ability and afforded a new channel with brand new problems. In a sense, it is re-

Section 7a on Trial



These men, representing the Amalgamated Association, testified for the Government



PHOTOS BY ACME NEWS PICTURES, INC

Ernest Weir, chairman of the board of the Weir Co.



Members of the company union who appeared to testify for the defense at the trial

HAILED as the first court test of the Section 7a of the National Recovery Act, the Weirton Steel case opened October 2 in U. S. District Court at Wilmington, Delaware. Section 7a, as Walter J. Kohler explains in his article on page 20 of this magazine, provides that employees have the right to choose representatives for collective bargaining with employers. The Weirton Steel Company's trouble grew out of conflicting interpretations as to what this actually meant.

Wages, hours and working conditions are not an issue in the case and had no part in the Weirton strike a year ago. The difficulties arose out of the fact that two groups claimed the right to represent the workers. One was a so-called company union, the other, the Amalgamated Association of Iron Steel and Tin Workers. A strike resulted and the matter reached the National Labor Board which ordered an election at which the workers might vote for the union of their choice. The vote favored the company union but the Amalgamated Association charged discrimination and sought another election. The company refused and the matter was put before the NRA Compliance Board with the charge that the Company was discriminating against members of the Amalgamated Association. The Board, through Government attorneys, sought a temporary injunction to end this discrimination.

The court refused the injunction on the ground that the Anti-Injunction Act of 1932 forbids granting of injunctions in labor cases without hearing. Incidentally this was the first time this law, originally expected to apply to employers, had been held binding on all parties to a labor dispute. Such a hearing was ordered and this is the case which opened October 2.

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From the First 137 *Pioneers to more than* 500,000 POLICYHOLDERS



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SEVENTY-SIX years ago there were only 137 members of the Northwestern Mutual—a small group of far-sighted Wisconsin men, thinking far ahead of their times.

Today, there are more than half a million Americans banded together in the Northwestern Mutual for the financial security of themselves and their families. Its assets, as reported to state insurance departments, now total a billion dollars—a great estate administered for mutual welfare and protection.

Actual results to Northwestern Mutual policyholders over a long period of time have been so satisfactory that *each year* more than half of all new insurance placed with the company comes from its own membership—with a large part of the remainder from their relatives and friends.

In financing your own future—and that of your family—the growth of the Northwestern Mutual—due so largely to the loyalty of its own policyholders—is well worthy of your special consideration.

If you would like to know more about this great mutual company, and the many ways in which it can serve you, mail us the coupon, below, for a copy of the booklet, "*Your Part of a Billion Dollar Estate.*"

WE SPREAD TO PROTECT SINCE 1857

The NORTHWESTERN MUTUAL
LIFE INSURANCE COMPANY
Milwaukee. Wisconsin

Without obligation, please send me the booklet "*Your Part of a Billion Dollar Estate.*"



Name ..... *Age* .....

Address ..... NB—11-34

WHAT *does it take to* SUPERVISE YOUR PLANT AT NIGHT?



During the day, managers, superintendents, foremen, supervise the workers, but at night—it's the watchman's clocks that supervise the watchmen—Detex offers you a system that will do the job just the way you want it done . . .

ONE model for the large plant or office building with many watchmen following each other at intervals.

ANOTHER for the small plant with one watchman, or where each watchman makes his rounds in a particular section.

THERE is a system for supplying an exact-to-the-minute check on each watchman's movements.

STILL another model keeps an accurate record of a watchman's movements for a week or more without supervision.

Approved by the Underwriters' Laboratories, Inc., and by Factory Mutuals Laboratory.

Send us a brief outline of your requirements and receive full information promptly.

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WATCHMEN'S CLOCKS
NEWMAN ★ ECO ★ ALERT ★ PATROL

making and revitalizing our entire executive organization.

Even in fields which may seem overcrowded, it is still possible to create a distinguished competition. That's what the Grand Rapids Furniture Guild did in designing a bronze escutcheon as the mark of its products. Each piece of Guild furniture bears this identifying plaque, with the registered number of the piece or suite. The manufacturer transcribes the same identifying number on the certificate of registration, which is forwarded to the dealer member who, in turn, enters the purchaser's name and endorses the document on delivery of the piece or suite.

This Certificate of Registration is protected by copyright and carries the collective signature of the manufacturer members, confirming the identity of the piece or suite as "Certified, Registered, Grand Rapids Furniture." Every manufacturer member assumes his *pro rata* economic responsibility for this identified furniture.

F. H. Mueller, Guild head, tells what all this means in terms of customer good will:

> Through the activity of Guild dealers from coast to coast, and from Minneapolis to Alabama, using their individual and collective publicity—including newspaper, radio and direct mail—supplemented by favorable editorial comments in leading women's publications, metropolitan newspapers and trade papers—within a year the American public has been acquainted with a new procedure for selecting quality furniture. More than 400 per cent of the first year's objective was attained, confirming the theory that the American public responds to the quality appeal—especially when it is authoritatively presented.

Business uses for a toy

GRANTING the truth of the old botanical sequence expounded by the copy books, the business that would be a great oak must first find its acorn. A metal working company in Lancaster, Pa., discovered its seed in the idea of manufacturing miniature automobiles. For its initial production it selected a Chrysler "Airflow" model. As told by *Automobile Topics,* Jack Straub, head of Bearings Company of America, heard about the little cars and requested the first one off the line. He got it and promptly sent it to his friend, Walter Chrysler, with the suggestion that it might be acceptable as a desk ornament.

Hardly had the letter been received when two Chrysler representatives were dispatched to Lancaster. There an arrangement was quickly made whereby the metal working company got the exclusive right to the Chrysler name on miniature cars. Now Chrysler dealers outside the large cities who cannot carry a full line of cars can buy these miniatures at 50 cents each and show them in all colors in a window or showcase.

Chrysler dealers were immediately informed of this arrangement, and told that they could get the metal models by ordering direct. Orders began to roll in at the rate of 15,000 a day. A thriving business is developing from the idea of a toy.

Some plans still go awry

HOW many ideas have died a-borning no statistics disclose. Curiosity may be the better part of ingenuity—the itch to know the value of thought when tested against practical consideration of a workaday world. Possibly the inevitable risk involved is compensation of a sort in the required cultivation of mental resources. Short-winded good intention, to mix a metaphor, butters no bread. "He meant well, tried little and failed much. Erected by his loving wife." Near Saratoga a headstone in a cemetery thus epitomizes a life's effort. Business epitaphs have a way of being as brief—and for the same reasons.

The success story of the custom-built Fords suggests the power of an active curiosity when translated into intelligent action. One of the officers of Rolls-Royce of America saw inviting possibilities in the current edition of the V-8 Ford. He bought a car and transformed it in accordance with his own ideas. The new car was sold almost as soon as completed. Now, this revised Ford is in production by Brewster & Company, subsidiary of the Springfield Manufacturing Company, successor to Rolls-Royce of America. By September 1 more than 100 of the new cars had been sold, a number of them by Ford dealers. Ford chassis are used. Motors are rebuilt by hand. Other standard parts and equipment are modified to meet the Brewster specifications. From a question mark in one man's mind a new industry is taking form in increasing dimension. As the trade rates it, the idea is a "natural."

Adapting a product to new uses

CAPTAINS of industry used to be asked, "What is the secret of your success?" Nowadays, the business analyst looks for signs of adaptation, diversification, and innovation. The business devoid of those qualities is foredoomed to failure. With them, any salable product can be promoted into new markets. A way to add other strings to its business bow was found by the Reynolds Metals Company through development of a new product.

To its business of manufacturing

RECOVERY REPORTS ON AMERICAN BUSINESS

"SAVING MONEY FOR US *14 different ways*"



Model 66 Multigraph

FOR a third of a century Multigraph has been a money-saver . . . and a money-maker . . . for thousands of large and small businesses. But now, with new business conditions, shorter hours, higher wages, rising costs . . . Multigraph is more profitable to users than ever before!

Your own employees operate Multigraph . . . in the privacy of your own offices. With it you can print, at big savings, your own letterheads and envelopes . . . bills and statements . . . order blanks . . . factory and office forms of all kinds. You can produce your own sales letters and direct mail material . . . print and imprint cartons, tags, labels, blotters, dealer literature.

In addition to substantial savings in actual production costs, Multigraph saves you money in many other ways. You print *what* you need *when you need it* . . . in the quantities you desire. No delay . . . no overstocking of forms . . . no loss due to obsolescence of forms . . . no waste of valuable storage space.

Can you afford to overlook the profit possibilities of Multigraph in *your* business? A representative, thoroughly trained in multiple typewriting and office printing, will be glad to discuss them with you. There is one frequently in your vicinity. He will also tell you about the new MULTILITH process of simplified office lithography. Consult your phone book, or write to

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8. Printing House Organs.
9. Producing Complete Personalized Letters.
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12. Producing Display and Price Cards.
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THERE ARE MORE THAN 50 MODELS IN THE MULTIGRAPH LINE, INCLUDING OFFICE PRINTING, LITHOGRAPHING, TYPESETTING AND FOLDING MACHINES. PRICES AS LOW AS $145.00.

KEEP Trouble Outside



"The assurance that our plant will be secure is almost as valuable as the protection afforded by our Cyclone Fence. It was erected several years ago to cut down the unnecessary losses we were experiencing from petty thefts. The fence looks almost the same as it did the day it was erected. And it will undoubtedly continue to prevent losses from theft, fire or other disturbances for many years to come. It's the cheapest protection you can buy when you consider its long life.

"The material in our outside storage yard is safe at all times. We have absolute control of entrances and exits. And, when the trouble started across the street our fence proved its real value, not even our lawn was disturbed."

Erection may be made by our factory-trained crews, or your men may handle the erection under the direction of one of our superintendents. An accurate estimate will convince you of the economy of Cyclone Property Protection Fence, there will be no obligation to you. Write today for complete information or estimate; address Dept. N. B.

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SUBSIDIARY OF UNITED STATES STEEL CORPORATION
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Cyclone—not a "type" of fence, but fence made exclusively by Cyclone Fence Company and identified by this trade-mark.

metal foils for the protection of tobacco, cigarettes, foods, and candies, this company has added electrical refrigerator insulation and building insulation.

"With the assistance offered by our sales program," said its president, Richard S. Reynolds, "our dealers will be in a position to expand their business. This is an ambitious program, but we believe that the time is ripe for ambitious undertakings. We believe that this is a logical time to expand; that there is business to be had. Our company is organized to cultivate that business; we have utmost confidence in the future."

Wishing for a new industry

THERE is no want of yeast in the American business mentality. Its recognition in the public eye is blurred with the wistful invocation of a miracle. The patience of the people is sorely tried and contrives something of solace in the radiant vision of a great new industry which would lift the nation bodily from its slough of despond.

Housing, television, air conditioning, the transformation of urban living and the decentralization of populations have their prophets no less rational than eloquent. Salvation by change is an appealing text, and the logic of events is, perhaps, its greatest evangel. New industries do come into being with convincing frequency. They provide work for millions. But never do they attain maturity at the waving of a wand. They have small beginnings, they encounter obstacles, they persevere as much by deviation as by uncompromising directness.

Whenever a new salient of business enterprise is pushed forward, progress is served, and it is by these small accretions rather than by a spectacular display of opulent power that the institution of business advances. It is a fashion to cite the automobile industry as the fabulous flower of business genius, as though the seed were instantly watered with sustaining capital and warmed with an immediate public demand.

No such conclusions are directed by the history of this industry. As far back as 1866 a steam powered automobile was operating in the city of Bridgeport. But not until 1895 was any type of automobile in regular production. By the end of 1900 the total annual output of all manufacturers was only 4,192 cars, and a volume of 100,000 vehicles a year was not attained until 1909.

It may well be that the giants which are still in economic gestation will have an economic significance in proportion to their anticipated stature. There is no gainsaying the sensational accent of national recovery through the advent of an absorbing new business force. What the world of the here and now has, indifferent or obscured though its acknowledgment may be, is the resource of alert and determined managements concerned to bend adversity to the indestructible will of the American people to go forward. Of such is the kingdom of opportunity and progress.

Small Businesses Carry On

By PHILIP E. BLISS
President, the Warner & Swasey Co.

THE story of the average business concern in the United States needs to be told—the story of people of small affairs, plain thinking, and simple faith.

Such businesses do not "make front page." Their accomplishments are not chronicled in the magazines, or heralded over the radio. The average business is too small to be "news."

And yet, small businesses constitute the backbone of our entire industrial and economic life—and it is largely upon them that we must depend if American industry is to emerge from the depression; we must rely on this large but unheralded group for progress toward recovery.

Few people realize the extent to which the business of this country is still being conducted by small concerns. Big business, on the other hand, has been repeatedly before the public eye. For ten years we have been reading constantly about concentration of industry into vast integrated units. Mergers, consolidations and holding companies have been on the financial pages. Economists wrote glibly of the trend toward constantly larger organizations and the inevitable elimination of the small producer.

This idea was particularly prevalent in 1929. And yet in that year—the most recent for which Government statistics are available—62.2 per cent of the wage-earners in the United States were employed by businesses whose number of employees ranged from one to 500. In fact, according to the 1929 census, 17.9 per cent of the country's wage-earners

XUM

were employed by businesses whose number of employees ranged between 101 and 250; 10.1 per cent of the country's wage earners were in concerns employing between 51 and 100, and 9.2 per cent in businesses employing between 21 and 50. Out of a total of about 8,800,000 wage earners, plants employing between one and five persons had 279,734; plants employing from six to 20 persons, 595,708; plants employing from 21 to 50 persons, 814,865; plants employing from 51 to 100 persons, 891,671; and plants employing from 100 to 250 persons, 1,589,040.

In 1929, concerns employing between one and 250 persons numbered 196,975. In spite of the depression, the number is probably much the same today. Many small concerns were forced out of business in the past four years, but hundreds of men who were let out of large corporations have gone into business for themselves.

Big by weight of numbers

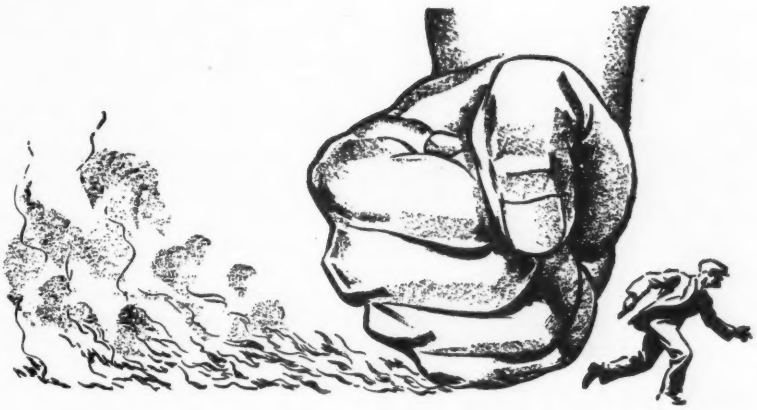
OF THESE 196,000 businesses, probably not one, taken individually, would be of special significance—but taken collectively, this group may exert a tremendous force—a force that in many ways may be temporarily diverted but cannot be stopped. Here are 196,000 business executives thinking, acting, going ahead. They take such benefits as they can from broad national measures designed to aid recovery—but they must rely chiefly on their own ingenuity and flexibility, alertness of mind, and determination to survive.

For the first year or two after the depression set in, these men sat back bewildered and watched their houses fall about their ears. Then they faced facts as they actually existed—and got down to work.

While theorists were writing thousands of words upon economic planning, redistribution of wealth, stimulation of purchasing power, national supply of credit, and the like, these 196,000 small business executives were persistently going about their own affairs, each working out in his own way some method which would put his business back on its feet.

It is my firm belief that the collective efforts of the heads of our small companies have now definitely set in motion the economic forces which are leading toward recovery; and when the history of this period is written, historians will give much credit to the heads of businesses of average size for having brought us out of the difficulties in which we have found ourselves in the past few years.

Definite statistical evidence shows



MAKE YOUR BUSINESS
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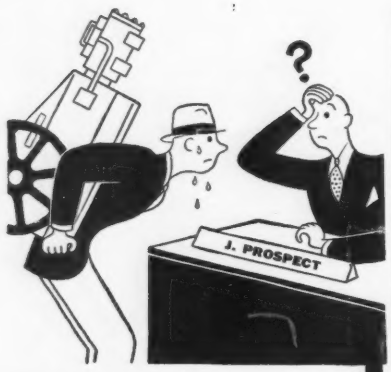
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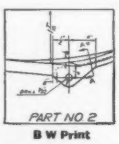
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that small businesses have been forging toward recovery more rapidly than, in most cases, have large businesses. In the steel industry, for instance, there were in 1933 some 133 small companies which had combined net earnings of $5,000,000, while 57 large companies showed a net loss of $64,500,000.

In Ohio, a recent survey covering 125 small concerns located in small towns showed that, except for three or four, all were running at 75, 80 or 100 per cent of capacity. Some were operating two shifts, and some three. These businesses cover all sorts of fields from purses to fireworks. Few of them employ more than 100 men.

Small business is optimistic

THE New England Council this spring conducted a survey of small New England manufacturers, most of them employing 40 people or less. Out of 437 firms answering the question, "What is your opinion on the outlook for your business for the next two months?" 258, or 59 per cent, said that they expected improved conditions; 66, or 15.1 per cent, said that the outlook was uncertain; and 113, or 25.9 per cent, said that the outlook was poor.

Note this psychology. The questionnaire was answered early this spring when political, economic and military uncertainties filled the horizon, and yet more than half of these people said flatly that they expected better times. It is doubtful whether this faith in the coming of better times was due to statistical analyses or a careful weighing of all business factors concerned. It is more probable that their optimism was a reflection of their own confidence in themselves, in their country, and in their capacity to carry on.

They helped themselves

THE extent to which these leaders of small businesses relied upon individual initiative and ingenuity, rather than upon "economic" planning of the type which has definitely aided in some respects some of the larger businesses, is indicated by their replies to the question, "Has your code helped you or hurt you?"

Out of 375 firms, 163, or 43.5 per cent, said their codes had hurt them, and 105, or 28 per cent, felt that their codes had had no effect upon their operations.

There are, of course, countless proofs that many small businesses have been aided by their codes.

But, on the other hand, there is strong evidence that codes have worked certain hardships upon many of the smaller concerns. Most small plants operate on a single shift basis. It is nearly always impossible to effect adjustments between shifts to meet code requirements. With decreased working hours, under the codes, small plants have often had to add full time employees to handle only a few hours' work.

It has been extremely difficult and often impossible for small businesses to increase selling prices sufficiently to offset this increase in production costs.

Although a price increase seems justified, competitive conditions and adverse public sentiment have proved too strong.

The important conclusion is that small businesses have survived and forged ahead mostly on their own feet, gaining little aid in many cases from codes, participating to a limited extent in the benefits of government loans or financing, obtaining some benefit no doubt indirectly from relief and other governmental expenditures through retail channels, but each one in the last analysis "paddling his own canoe."

How this is being accomplished is indicated by the New England Council's survey. Among the methods employed by these concerns to increase business were: using more advertising; increasing sales efforts and adding to sales force; concentrating on personal contact with customers; improving quality of product; developing new products; speeding delivery service, and the like.

Small units can change quickly

THERE are a number of factors which, in some respects, make it easier for small businesses to survive and expand in the face of adverse circumstances. Small businesses may more easily reduce overhead during distress times. They are, as a rule, not troubled with large inventories, with interest charges on funded debt, or with the responsibility of paying dividends upon widely distributed stock.

Small businesses are not burdened with complexities of organization. Management personnel is small and decisions may be made and carried through with less red tape. The small business is in a position to accept and profit by orders too small to be of benefit to large businesses. It is reported, for instance, that during the depression one large manufacturer actually turned down a half million dollar order because it was too small to justify reopening the mills.

The chief advantage of small businesses, however, lies in their adaptability and mobility.

They may turn rapidly and easily from one product to another or from

XUM

one policy to another. This allows full play for the immediate exercise of ingenuity.

Another interesting angle is that the proprietor of a small business has a personal relationship to his community which the head of a large business may not have. A survey made not long ago in a representative mid-western town illustrated the difference in point of view which results from this situation. In this city were several plants whose ownership and executive offices were elsewhere. When the depression came, these plants were shut down.

Meeting the local problem

THE small businesses in this city were, of course, also drastically affected. But these local employers faced a desperate situation at their own front doors. A large share of the workers in the town were out of employment. Relief programs were necessary. Local public opinion was to be considered. As a result, the proprietors of small businesses, instead of following the dictates of pure economy in their lay-off programs, adopted a cooperative effort to keep on their pay rolls all the men whom they possibly could. To do so, they had to use every possible device to sustain business and get additional business. They survived, and many of them showed progress in the face of the depression.

The personal element is likewise important in developing and maintaining desirable relationship between men and management. In a small business the owner deals directly with the men. He knows them personally. He may talk with all of his employees in the same room. This affords a degree of mutual understanding and cooperation which is often difficult to obtain in larger businesses.

Advantages to large and small

ALL this must not be interpreted as criticism of large businesses. It is only a recitation of simple facts which follow logically from the nature and situation of the small business as compared to the large one. Large businesses likewise have clearly recognized advantages—decreased production costs, financial reserves, benefits of specialized training, experience and the like.

The point here emphasized is that small businesses also have their vantage points—and that the small business and the part which it is playing in the current recovery should be recognized.

In this connection, the experience

You'll find them under E in Who's Who

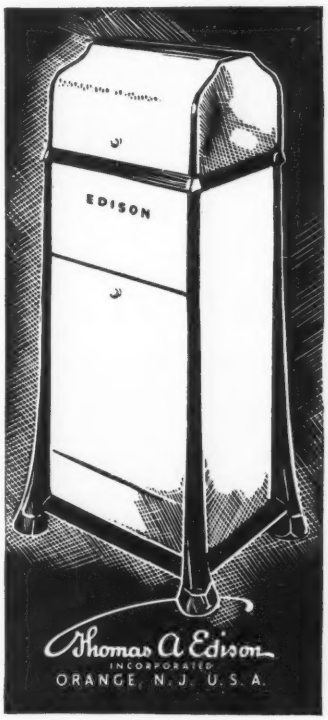


Over a course of years Business has found it profitable to turn to Edison for organized research, for practical inventiveness, for perfection of product. Grateful for the reputation bequeathed by their Founder, The Thomas A. Edison Industries have endeavored to continue deserving his faith and the faith of Industry.

Perfection has always been striven for! And the NEW Pro-technic Ediphone is an example of this sustained effort. It is radically different and improved—in appearance and in performance. *It increases brain-power*... making the brains of your organization worth more!

With the Pro-technic Ediphone your people think once . . . write once . . . at once! Because it is an approach to dictating machine perfection, Business has adopted the Voice Writing Service it provides.

● *Telephone The Ediphone, Your City,* and (without obligation) an Edison man will show you a Pro-technic Ediphone, and tell you how Voice Writing can increase the value of the brain-power in your organization.



Pro-technic
Ediphone

THE COMPLETELY ENCLOSED DICTATING MACHINE

of our own company is significant. This company manufactures machine tools. During the first six months of this year our sales showed an increase of 110 per cent over the same period in 1933.

Of course, a plant must have a fair volume of production to warrant the use of machine tools.

Consequently, the businesses to whom we sell are, on the whole, somewhat larger than those described in this article.

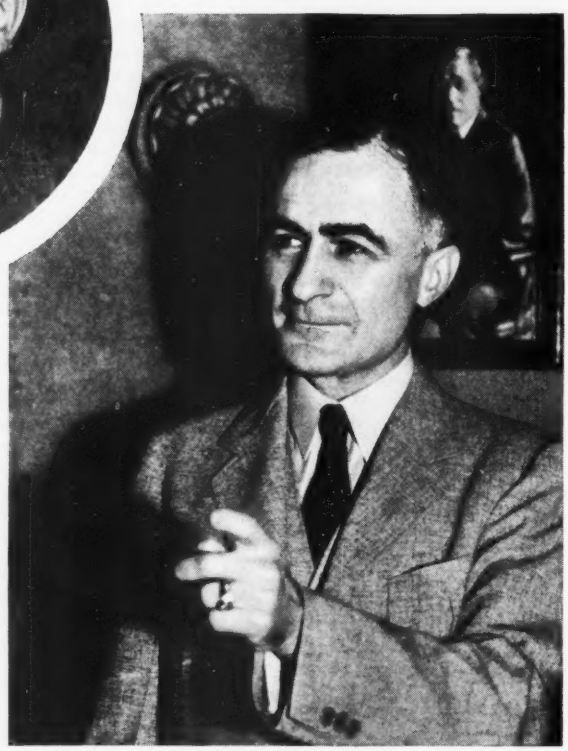
The interesting point, however, is the large proportion of our increased sales this year which were made to what would definitely be classified as smaller factories. Large industries made substantial purchases; but the increase over last year was, to a large extent, accounted for by a miscellaneous demand from a broad field of medium sized or comparatively small concerns. Included among customers were manufacturers of such items as lawn sprinklers, fountains, tungsten carbide dies, portable air tools, hydraulic jacks, heating supplies, meters, welding equipment, and the like. The progress and the revival of the smaller business are, therefore, definitely attested by our own experience.

Those who are worried over the prospect of absolute control of business by the Government, on the one hand, or the integration of all business into vast corporate consolidations, upon the other, may set their fears at rest. In spite of all talk to the contrary, America is still the stronghold of the small business directed by the resourcefulness, determination and ingenuity of the individual proprietor.

The "Yardstick" Reaches to Memphis



Walter Armstrong, utilities counsel, opposes municipal ownership in Memphis



Mayor Watkins Overton favors public ownership and predictions are that he will win

TO PROVIDE a "workable basis of operations" and a "fair measure of public ownership," Tennessee Valley Authority early announced that areas served with TVA power should include "several cities of substantial size (such as Chattanooga and Knoxville) and at least one of more than a quarter-million . . . such as Birmingham, Memphis, Atlanta or Louisville."

Voters of two of these cities have already balloted on bond issues for municipally owned systems to distribute this TVA power. Birmingham voters rejected the proposal in October, 1933. Knoxville voters last November accepted a similar proposal—the prospects of cheap TVA power being sweetened by the Public Works Administration's offer to lend the city $2,600,000, of which $600,000 would be an outright gift.

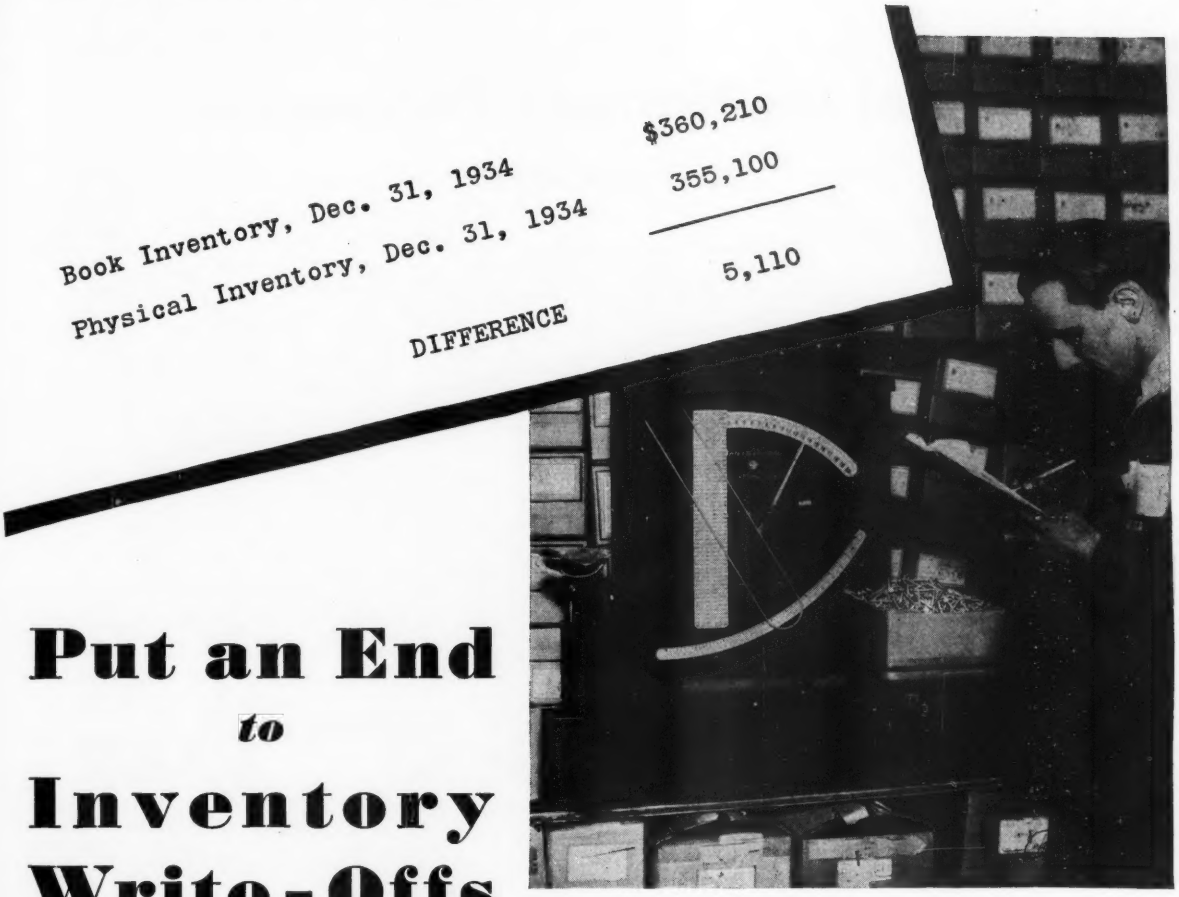
Voters of a third city, Memphis, will vote November 6 for or against a bond issue of up to $9,000,000 to finance a municipal system. Bulwarked by reports that such a system would pay for itself and roll up a $5,200,000 surplus in 20 years and that it would permit a 45 per cent rate cut, municipal ownership is conceded an overwhelming victory, even by opponents.

Thus employees, management and investors of the Memphis Power and Light Company face a situation somewhat similar to that which confronted the Tennessee Public Service Company in Knoxville. There TVA intervened when, after the referendum, negotiations between the city and company for the latter's properties broke down. After long negotiations, interspersed with ultimatums from TVA, the company finally accepted TVA's offer of $6,088,000. While TVA Director Lilienthal termed this price "eminently fair to the bondholders" certain preferred stockholders, the worth of their investments shrinking drastically as a result of the deal, saw nothing fair about it. At this writing they're seeking to have the Tennessee utilities commission withhold approval of the sale.

Meanwhile Knoxville city council has approved purchase of the Knoxville system from TVA (if it gets them). Should the TVA-TPSC deal finally be blocked, prospect is that Knoxville will use the PWA grant to build its own system. The result: hand-to-hand competition between a private and a public company, with TVA rates and the city's ability to cover any losses by taxation giving heavy odds to the latter.

With TVA forced to find outlets for its growing supply of electricity, observers see similar extensions of TVA power, and eventual eclipse of private utilities throughout the Valley.

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Put an End *to* Inventory Write-Offs

with INTERNATIONAL ACCOUNTING SCALES

Business can make more money quickly, by securing the upper hand over waste—particularly the sort of waste reflected in the losses which appear only at the close of the year as "inventory differences."

Material represents an average of fifty-two cents out of every dollar that goes into a manufactured product. In safeguarding this item alone, International Accounting Scales effectually reduce losses to a point where they will no longer be a menace to profitable business conduct.

This is the time to invest in these profit-producing machines. Their installation now will supply a double purpose in stopping the losses that have been accumulating during past months and also in supplying the medium for starting the new fiscal year with a correct inventory.

It is to the advantage of every executive to investigate this opportunity for increasing his company's earnings...through the results which are immediately produced by International Accounting Scales.

These are the only automatic counting scales which eliminate mental or manual ratio computations. Whether the commodities are calculated by pieces, yards, gallons or other units of measure, they are counted with equal facility. It is simply a matter of placing the load on the platform and reading the answer on the chart.

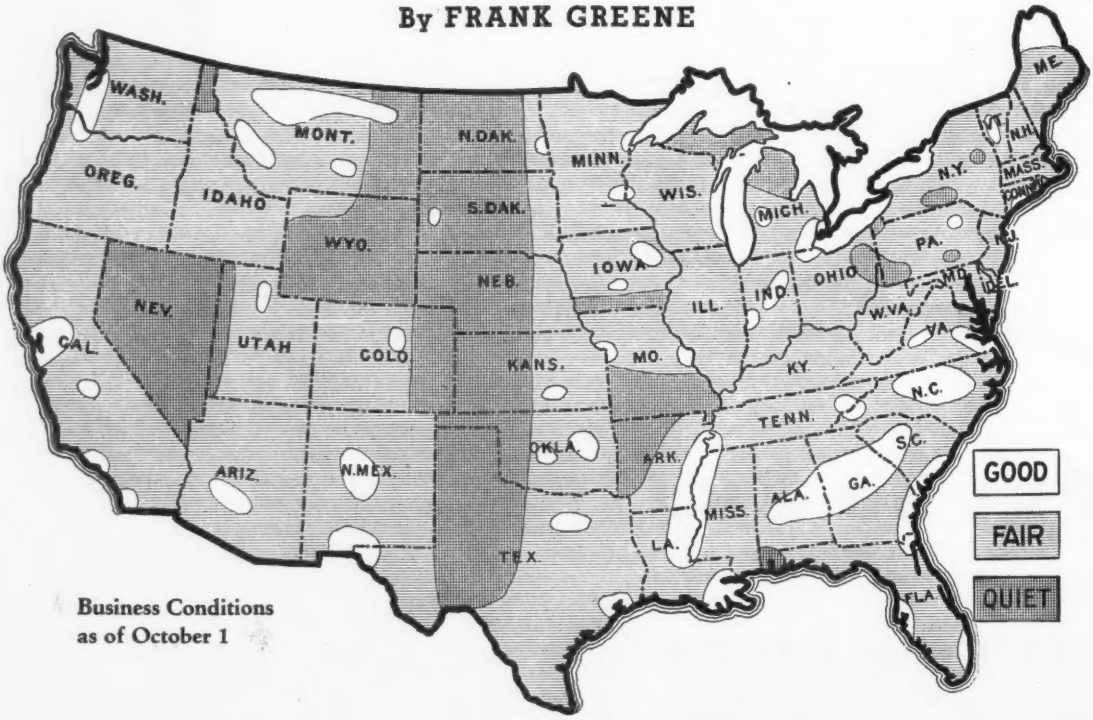
Speed up your inventory-taking this year and put an end to inventory write-offs with International Accounting Scales. Send today for descriptive literature W139.

INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES, 270 BROADWAY, NEW YORK, N. Y. BRANCH OFFICES IN THE PRINCIPAL CITIES OF THE WORLD

The Map of the Nation's Business

By FRANK GREENE



Business Conditions as of October 1

SEPTEMBER saw the greatest single labor trouble in years, the textile walkout, begin and end. The Montana copper dispute, lasting more months than the cotton mill strike did weeks, was also settled. The last embers of the greatest drouth in history were wetted down, making for the notably cheerful tenor of September reports from western areas where wheat planting is active.

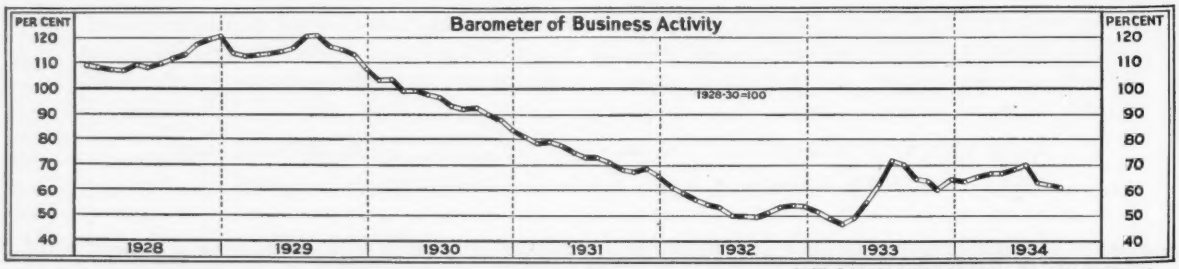
Perhaps more business was done than in August or in September a year ago. Wholesale and retail trade exceeded a year ago in value if not always in volume. Some heavy industries revived partially, steel operations quickening a trifle. Bank clearings and debits increased moderately.

Price index movements showed the play of various influences but wheat, cotton and live stock seemed to indicate speculative satiety. Even corn showed hesitation. Despite the easing of many food prices the Dun & Bradstreet indexes were still close to the peaks of recent years.

Slowness in the steel trade is reflected in some additional shading in the Eastern map but the South and Southeast hold earlier brightness and additional rains have spurred western sentiment and buying



The map of last month



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

In September, as in August, steel production, carloadings and electric power accounted for the slight decline (1.4 per cent) in the Barometer of Business. The price factor continued upward

While mixing a poison *in* 1777 *an* Apothecary discovered Color *for* Advertisers

BECAUSE the Swedish apothecary, Karl Wilhelm Scheele, was too poor to marry, printing is richer today by such illustration as distinguishes this page.

For in his effort to overcome the poverty which separated him from the woman he loved, Scheele dedicated his days to working and his nights to musing on inventions which he hoped would earn for him a small independence. And it was while he was developing one of these, a poison derived from sulphur, that Scheele observed the action of light on silver chloride and educed the fundamental theory for the reproduction of color.

Scheele never profited from this or any other of his discoveries. Hardships and unremitting labor brought about his death only two days after he married the woman for whom he had worked so long. But the generations which came after him have profited! On the theories evolved by him they have based color printing and the processes related to it which have done so much towards making fine printing possible at low cost.

Now, 157 years later, the perfection of Kleerfect —The Perfect Printing Paper—marks the most recent contribution to fine color reproduction and to the reduction of printing costs. For in Kleerfect a special processing eliminates, for all practical purposes, two-sidedness of surface and color and makes possible printing of equal quality on both sides. Kleerfect has strength and high opacity. It possesses a neutral, non-glaring color that is easy on the eyes . . . that gives proper contrast with the greatest number of printing inks and types of illustrations . . . and that permits the true maximum reproductive power of one to four colors.

Before you produce your next catalogue, magazine, or mailing, see samples of the work this perfect paper makes possible. A request addressed to Kimberly-Clark's advertising office in Chicago, will bring them to you and the name of the merchant nearest you —selected for his responsibility—who can quote prices to you on this new paper.



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THE PERFECT PRINTING PAPER

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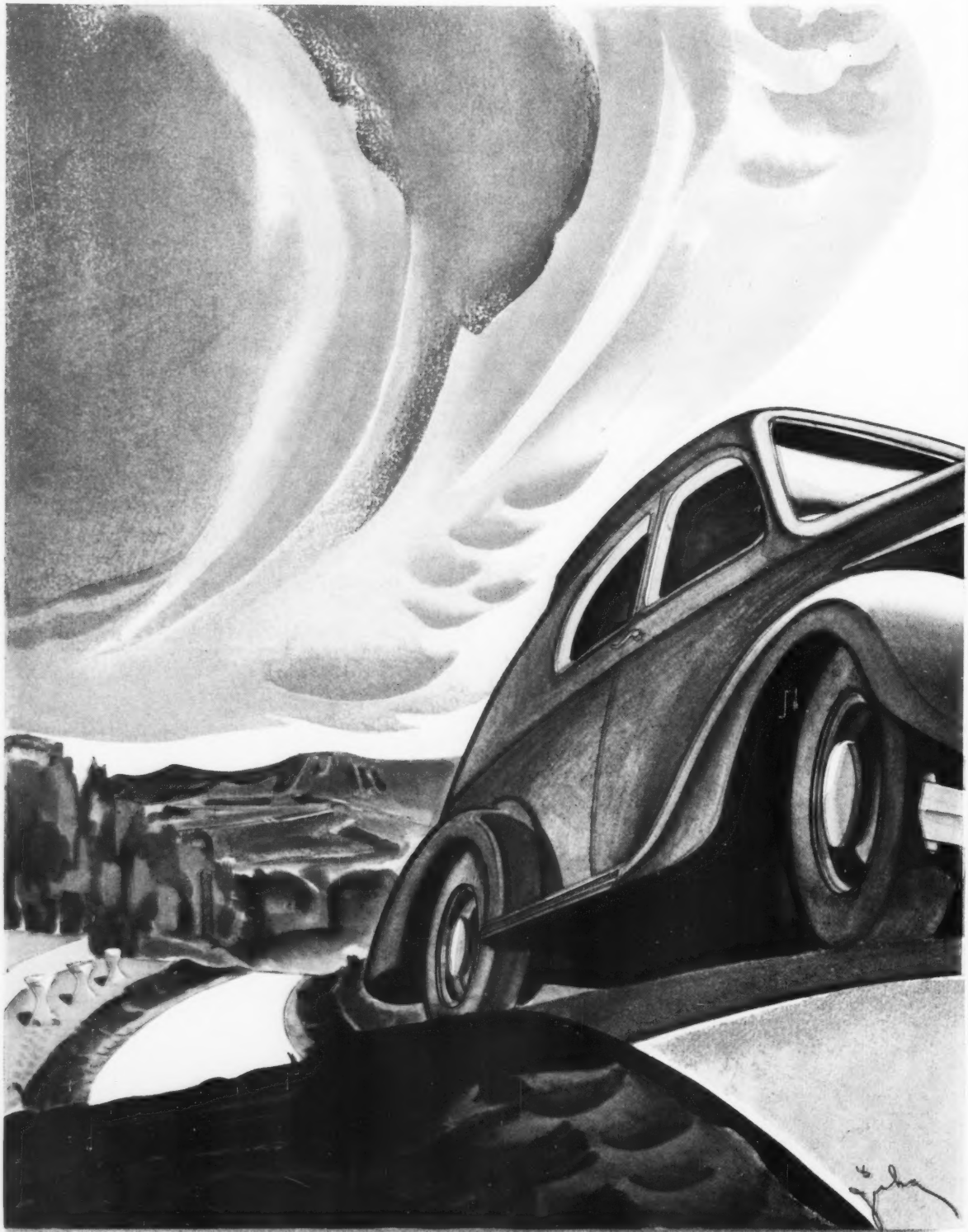
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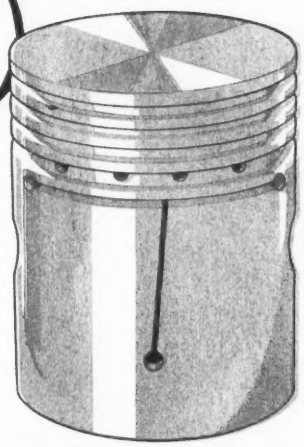
CHICAGO, *8 South Michigan Avenue* • NEW YORK, *122 East 42nd Street*

LOS ANGELES, *510 West Sixth Street*



★ ALCOA ★ ALCOA

THIS *Sweet Performer* IS A *Clear Interpreter*



All but four leading automobiles have Aluminum Pistons. Today's greatest advance in piston design is represented by the LYNITE, T-SLOT, CAM GROUND, LO-EX PISTON, cast only by Aluminum Company of America.

● This is *not* a piston advertisement. It is an interpretation of the importance to you of the almost unanimous use of some type of Aluminum Piston in modern motor cars.

A piston is a simple thing, ostensibly. It has a head, a skirt, grooves to hold rings, bosses to hold a wrist pin, and reliefs for oil.

What, then, makes fine refinement in design, *and the choice of metal*, so all-important?

Much of the answer lies in a few simple considerations. At high speeds the piston moves back and forth in the cylinder 3000 times per minute under the terrific bombardment of the explosions in the combustion chamber. Heat like an inferno! Burned and unburned gases! It must transmit all the power to the crankshaft, and you expect it to operate without slap or vibration. You want quick pick-up, freedom from burned out bearings and minimum oil and gas consumption. And you expect your pistons to last indefinitely. You really do!

If that is what is expected of a piston, and if most automobile manufacturers specify Aluminum for their pistons, the conclusions are inescapable.

As in the piston, everything that moves saves power, handles easier, vibrates less when made lighter with Alcoa Aluminum.

As in the piston, all the strength to bear stresses, and the ruggedness to stand up under physical punishment are provided by Alcoa Aluminum.

As in the piston, your particular problems of design and manufacture are successfully met with one of the many versatile alloys of Alcoa Aluminum.

As in the piston, where closest machining tolerances apply, you can attain desired precision of results under the same volume production set-ups that you have been used to on other metals.

As in the piston, Alcoa Aluminum will bring to your product a combination of characteristics that will be unmatched by any other commercial metal.

To the piston art we have had the privilege of contributing much of today's accepted standards in design, as well as in alloys, and in manufacturing procedure. We would welcome the opportunity to be equally helpful to your business.

ALUMINUM COMPANY OF AMERICA, 1825 GULF BUILDING, PITTSBURGH

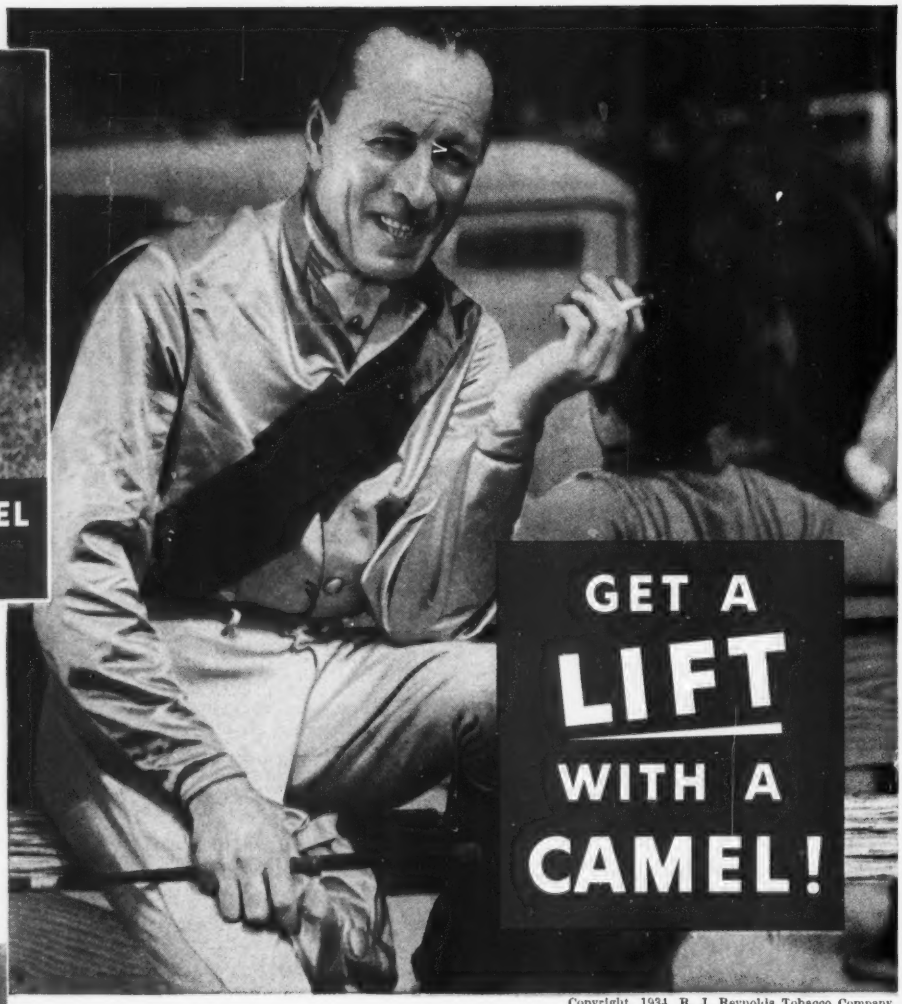
ALUMINUM

XUM



WHEN YOU FEEL "ALL IN"—

CRAWFORD BURTON, gentleman rider, twice winner of the Maryland Hunt Cup, dean of the strenuous sport of steeplechase riding ...a Camel smoker. Everyone is subject to strain. Hence the importance to people in every walk of life of what Mr. Burton says below about Camels.





MRS. CHARLES DALY, housewife, says: "Camels pick up my energy ...and have a mild, delicate flavor that a woman likes."



REX BEACH, famous sportsman, says: "When I've gotten a big game fish landed I light a Camel, and feel as good as new."

Copyright, 1934, R. J. Reynolds Tobacco Company

HAVE YOU TRIED THIS ENJOYABLE WAY OF HEIGHTENING ENERGY?

As this magazine goes to press, reports pour in from all parts of the country...showing that thousands of smokers are turning to Camels...and that they *do* "get a lift with a Camel."

Here's a typical experience. Mr. Crawford Burton, the famous American steeplechase rider, is speaking:

"Whether I'm tired from riding a hard race or from the pressure and tension of a crowded business day, I feel refreshed and restored just as soon as I get a chance to smoke a Camel. So I'm a pretty incessant smoker, not only because Camels give me a 'lift' in energy, but because they *taste so good!* And never yet have Camels upset my nerves."

You have heard the experience of others. Science tells us that Camel's "energizing effect" has been fully confirmed.

So try Camels yourself. You can smoke as many as you like. For Camels are made from finer, MORE EXPENSIVE TOBACCOS. They never taste flat...never get on your nerves.

ALL TOBACCO MEN KNOW: *"Camels are made from finer,* MORE EXPENSIVE TOBACCOS — *Turkish and Domestic — than any other popular brand."*



Camel's costlier Tobaccos never get on your Nerves

New Ideas in Selling

Being some notes and comments on contemporary developments in the field of selling

"Profit holiday." The "one-year profit holiday" upon which Hearn's, one of New York City's oldest (107 years) department stores embarked in September, has stirred more than a little interest both among the trade and public. According to Maurice Levin, president and sole owner, the store will forego all dividends during the year and profits will be turned back to customers in lower prices. Objectives, as he outlines them: "First, we are sincerely anxious to help people with limited incomes make ends meet. We believe also that our plan will speed recovery. More goods will pass over the counter, more mills will be kept busy and more jobs will be the result."

In executing the plan, operating expenses were closely estimated and every possible expense eliminated in order to pass merchandise along at a minimum price. Each head of the store's 66 departments submitted a budget of anticipated expenditure and anticipated volume for the year. New prices on various items were determined from these budgets. If experience shows the estimates erred, the prices will be readjusted to conform to the "no-profit" plan and NRA requirements. Levin proposes, during the year, to draw no salary himself nor to submit an expense account.

Hearn's can adopt such a plan for several reasons. Mr. Levin owns all the stock (having bought out the Hearn and Cowl families in 1932), hence can do as he pleases in matters of policy. The store has no debts; it buys and sells for cash. It pays a low rent, owns its own warehouse and power plant, controls many of its manufacturing resources.

Naturally, the Hearn plan has stirred unfavorable reactions among other merchants. It has been termed merely a clever advertising plan, economically unsound, unfair competition. They argue that all business needs a reasonable profit; that complete paralysis would result if the whole country were placed on such a plan. They point out that goods purchased at today's levels must show a profit if prices advance, wonder if Hearn prices will change daily to insure no profit on a single item.

These and other criticisms have been made. Hearn's has answered some of them. Meanwhile operation under the plan goes on. Hearn's is confident it will succeed; critics are confident it will flop.

Home movies. Use of motion pictures as a housing rental and selling aid has been given a new twist by a New York City firm which acts for owners and brokers on a straight commission basis. Properties are filmed by the organization and a projection room is provided where owners or agents may bring prospects to view their offerings. No charge is made unless and until the property is sold. The organization accepts only readily salable property for filming, appeals to brokers since it offers them protection on sales and saves both them and prospects useless trips to property sites.

Laundry. Housewives are enabled to have the family laundry done and know to a penny what the charge will be under a new merchandising plan. The laundry for a small deposit provides the customer with a cloth bag which, by means of a fastener, can be tied off at one of three levels to accommodate a small, medium or large family bundle. A fixed charge is made for the third, two-thirds or full bag of clothes, regardless of weight.

More light. Light bulb sales are boosted by one manufacturer through a "lighting tape measure," which permits the housewife to determine the proper size of electric bulb to use in bridge and table lamps. It consists of a four-foot paper tape, marked off in inches. Measuring the distance from bulb to the reading or sight working surface, the user finds noted alongside the inch designations on the tape the correct size of bulb for the particular style of lamp employed.



Six sample lawns in front of this Los Angeles seed store show patrons what can be expected of various kinds of grass seed. They can thus select the kind of lawn they desire, then order their seed accordingly

Radio. A new syndicated newspaper advertising feature offers national advertisers space in which to place before radio listeners detailed information regarding their night's programs, also their own names as sponsors and their featured product. The feature is projected to appear daily on the radio pages of leading newspapers in 30 principal cities. Only chain programs will be accepted for listing.

In the Valley. A notable extension of the Government's easy-term purchase plan for electric home appliances, available in territories served by Tennessee Valley Authority power, has been announced by the Electric Home and Farm Authority. Originally, government financing was available only on those appliances which manufacturers had developed to meet EHFA specifications as to quality and low price and which bore the red, white and blue insignia denoting TVA approval. A retailer wishing to handle these appliances had to have the approval of both the manufacturer and EHFA, and his license could subsequently be withdrawn by either. The manufacturer set the maximum amount of EHFA financing on his goods to be extended the dealer, and accepted contingent liability, *i.e.*, should a purchaser of an appliance default, the dealer was liable to EHFA for the unpaid balance, and if the dealer, in turn, defaulted, the manufacturer was liable.

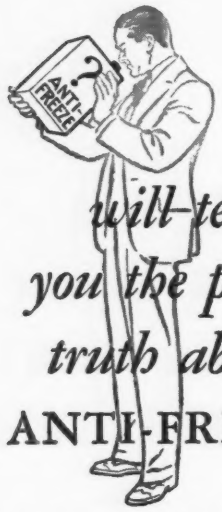
This set-up has been considerably changed by the recent announcement. Where a manufacturer has an approved, low-cost TVA appliance, EHFA now extends government financing to his complete line, including high-priced items. Thus if a manufacturer has produced a TVA-approved electric range, a consumer can purchase any range the company manufactures on the government instalment plan. Manufacturers have also been relieved of liability on the time-payment contracts, and retailers wishing to handle TVA-approved appliances now apply only to EHFA for licenses.

Retailers disaffected by the narrow profit margins allowed them on the TVA-approved appliances thus under the new policy can use one of the most potent sales arguments for those appliances—low-cost, long-term financing—to promote the sale of the higher-priced, conventionally margined regular lines. Manufacturers who last Spring turned out cut-price, TVA-approved models under the implied threat in EHFA's charter that if they couldn't or wouldn't EHFA would manufacture them itself, vision the bread they cast upon the waters then coming back to them in government-financed sales of their regular lines. Their protests against contingent liability have also borne fruit—not, it is to be hoped, to the financial detriment of EHFA and hence the taxpayers.

Private financing companies doubtless will view the new policy with far less favor, however, for it means growing government competition for them in their field.

—PAUL H. HAYWARD

The "NOSE-TEST"



will tell you the plain truth about
ANTI-FREEZE

From the standpoint of evaporation, there are only two kinds of anti-freeze —the kind that boils away ("treated" or not "treated") and the kind that does not boil away. There is no middle ground.

Make the "Nose-Test"

An easy way to make sure that you get an all-Winter one-shot product is by the lack of odor. Eveready Prestone is absolutely odorless and *does not boil away*—even when the engine is running at high speed.

Guaranteed All-Winter Protection

Eveready Prestone is a one-shot, guaranteed anti-freeze, that will not boil off. And Eveready Prestone is also your best defense against rusting and corrosion in your car's cooling system. It protects against rust from 5 to 20 times longer than other anti-freezes. Don't confuse Eveready Prestone with any anti-freeze containing alcohol or glycerine.

Play Safe—Save Money

It costs very little to have the guaranteed protection against freeze-up and rust provided by Eveready Prestone. On the back cover is a chart, showing exactly how much is needed to protect *your car*. Also on that page note the Eveready Prestone guarantee.

TURN TO BACK COVER

Lines from an Editor's Notebook

Making black look white

POLITICIANS in this campaign are classified as "practical and academic." Recent events in Washington invite belief that, of the two, the collegiate type is the more deadly. No less an authority than Woodrow Wilson provides a supporting opinion.

It is quoted in the biography of Mr. Wilson, written by David Lawrence in 1924. Resigning from the presidency of Princeton, he has ended the academic part of his career. He has entered national politics and was now President of the United States. Reflecting upon his new troubles with politicians of the ordinary party type, he looked back upon the troubles he had formerly had with another type, the college politician, and said:

Compared with some of the college politicians, the party politicians are amateurs. The party politician always follows the same rules; you always know what he is going to do. . . . A college politician should not be mentioned in the same breath. The college politician is very shrewd . . . he has the gift of words and can make black look like white.

Radicals, then and now

HOW to tell a radical when you see one is largely a matter of optics. Some people see red with no stimulus of occasion. Others are quite color blind and see true blue in every shade of political bias. John Haynes Holmes, famed liberal of the pulpit, finds radicalism tinctured with bigotry, a serious complication in the identification of any philosophy. He says:

The old radical was liberal in spirit, generous, skeptical, patient, free. But the new radical is essentially orthodox in spirit, dogmatic, dictatorial, violent and utterly intolerant.

Doctor Holmes talks of "the black

"?"



COURTESY CHICAGO DAILY NEWS

"The right . . . . to Petition the Government"

violence of dictatorial zeal which threatens to destroy, and thus to ruin every hope we have." A vision which can report bigotry in the black as well as in the red provides its own paradox for the delight of pundits. It all amounts to saying: scratch a bigot and you'll find a radical underneath. The trouble with that warning, as the good doctor no doubt well knows, is that the dyed-in-the-red bigot is no respecter of parsons.

Uncle Sam, tipster

TIME was when racketeering was an adventurous speculation. The gangster organized his mob, and then looked around for victims, exacting tribute where the pickings were lush and easy. This method produced sustaining results, but it was more or less experimental. It leaned much on hearsay and underground intelligence. Now doubt is to be ended. Everything is to be open and aboveboard. The Government has provided kidnappers, extortionists, blackmailers, and such with authentic information as to markets, even to a direct mailing list of prospects.

It has given the widest publicity to salaries of corporation executives and the pay of bankers. It puts the racketeers deeper in its debt by opening all income tax payments to public inspection. No longer need second-story workers wonder whether a house holds satisfactory loot. The kidnapper can make his snatch with the assurance of the Federal Government that the family can meet his ransom figure. Let a racketeer fail in the face of these aids, and his minions might well seek recourse from the Government on the ground of issuing fraudulent tipster sheets.

As every business man knows, nothing adds so much to the overhead as the time wasted on prospects who have no money. Whatever the per cent of error in the official lists, the underworld must credit the Government with giving it a new standard of professional conduct. Ignorance of the new law should excuse no man.

Is the motor car a man's castle?

IF YOU should offer a man who owned no home or automobile the choice of buying three $2,000 automobiles during the next ten years, or a $3,000 home, to be paid for during the ten years, what would the average man accept?

This thought comes from an article in the Industrial Bulletin of Arthur D. Little, Inc., reviewing a book by Albert Farwell Bemis, "The Economics of Shelter." Between the lines

ANNOUNCING THE NEW

ELECTRIC

COMPTOMETER

WITH THE AUTOMATIC

CONTROLLED-KEY SAFEGUARD



To PRODUCE an electrically actuated Comptometer with all the speed, accuracy, and especially the automatic safeguards against operating errors that for so many years have distinguished the standard Comptometer, was a high point to attain.

The new electric Model K Comptometer, here introduced, represents the successful achievement of that result.

Along with other characteristic Comptometer features, this machine is equipped with the Controlled-Key for the prevention of errors from faulty key strokes, even in high-speed operation.

Naturally, the shortness of key stroke in electric machines of this type makes them all the more susceptible to such faulty operation. Without the Controlled-Key, neither the standard key-driven nor the electrically powered, key-responsive type is capable of maximum accuracy.

The new Model K is abundantly qualified to uphold the splendid record of the standard Model J Comptometer for high speed, accuracy and economy on all figure work. Both machines are built to merit the wide recognition and approval that has placed "COMPTOMETER" high among the Who's Who of adding-calculating machines.

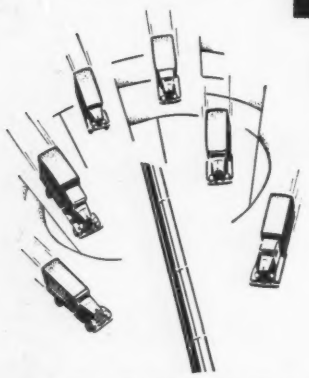
Both are good machines. Each is unsurpassed in its respective type. It's simply a question of preference. A matter of choice.

A Comptometer representative will esteem it a privilege to demonstrate either one or both of these machines in your office. Telephone the Comptometer office in your locality, or write to us direct.

FELT & TARRANT MFG. CO.

1712 N. PAULINA ST., CHICAGO

THE RAILS MAY END -but ERIE GOES ON TO YOUR DOOR



● The end of the rails no longer represents the end of Erie service on L. C. L. freight. For Erie trucks now take up the job where Erie trains leave off. The collection and delivery by truck combined with the speed and reliability of rail haul gives you faster and better shipping all the way from your loading platform to your customer's receiving room. You only have to make one call and a single agency now takes over the complete responsibility of your L. C. L. freight. ● Erie's door-to-door collection and delivery service is just one of many reasons why more and more shippers and receivers are specifying Erie. Erie's complete facilities cut the costs and speed the handling and hauling of all types of freight. Your Erie representative can give you specific information.



ERIE RAILROAD SYSTEM

THE HEAVY DUTY RAILROAD

I caught for the first time the competition of the finely upholstered automobile with that of the modern house. The author also points out the decrease in the price of automobiles in comparison with the increase in the price of housing.

Look beyond the label

THE effect of unemployment insurance on the labor market is a riddle in itself. Weighing the possibilities in Canada, the Bank of Nova Scotia sees a freezing of the normal fluidity of labor. Surpluses of workers are now drained off into three main channels—the United States, Canadian farms and the home lands of alien workers. The resulting compensatory scarcity consequential to this drainage, the Bank believes, would be lost if a livelihood were assured those without jobs.

"While it is unthinkable that willing workers should be left to starve," the fact remains that the establishment of guaranteed income would so crystallize the labor resources that the compensatory fluctuation would not take place. It is now something of a world fashion to evangelize the idea of unemployment insurance as a complete social benefit. That it is not an unmixed blessing when interpreted in terms of national economy, the Bank suggests with reason.

Our capitalism begins at home

A FIGURE credited to Joseph P. Kennedy, chairman of the Federal Securities and Exchange Commission, puts the number of direct holders of securities at 16,000,000. Including the indirect owners of shares in the portfolios of insurance companies and savings banks, bought with the money of policyholders and depositors, the title to our railroads, industrials, and utilities, by another estimate, is jointly held by 50,000,000 citizens.

The logic of events might raise the question of why it is that no pension act has been proposed for the benefit of impoverished stockholders in American enterprise? A public continually exposed to the vagaries of political strategy is not likely to wonder at the omission of the question. The common knowledge that the security owners are not vocal and can make no promise of a mass vote is at once a commentary and a challenge.

Shades of red

WITH these un-vocal 50,000,000 security owners in mind, why is it that Communistic activities get so much attention? How many Communists

there are by label is probably something more than a statistical guess. How many there are by the enduring quality of their belief is pure guess. An intimation toward answer is provided by Theodore Dreiser, famed American author, who says he is "a convinced Communist." On the occasion of his sixty-third birthday he told a reporter that no wrongs could be righted without a complete transfer of power and ownership from the capitalists to the workingmen. Moreover, he denounced those who feared an upheaval because it would bring in "a less comfortable society," and he told a satiric story of parlor radicals and their conversion to conservatism by bad Russian hotels. Communists, it might seem, should be made of sterner stuff. The trouble is human nature is no respecter of parties. Privation is a cold advocate when opposed by the eloquence of remembered ease.

Shall politics decide your credit?

THIS country is growing so used to letting George Government do things that it is not disturbed by the constant encroachment of Government in banking. Reports that such agencies as the Home Owners Loan Corporation, the Farm Credit Administration, and others, may be unified into one great central bank leave even business men unmoved.

Yet it is difficult to conceive anything more fraught with danger than the invasion of politics in the business of caring for and lending money. The very men who voice no protest against this growing abuse of government powers are the ones who talk most bitterly about politicians with whom they have to do business in other lines.

James P. Warburg points out entertainingly but sharply what would happen. The banks, he said, are blamed because they have failed to provide adequate credit; Government, it is suggested, would be more generous. He goes on to say:

> I think we may safely admit, that the government would be more generous—a great deal more so. It would be so much more "generous" that the annual cost of its "generosity" would add a tidy sum to the already staggering burden that we and future generations of taxpayers would have to shoulder. . . . I think it is safe to say that it would be so much more "generous" that the excessive speculation we have had in the past would pale into insignificance when compared to the booms and consequent depressions we should have in the future.

Suggestion to the business man who reads this: The next time you find yourself listening to a man who denounces the banks either because they did lend or they didn't lend, ask



"I'll never let you down"

No matter how big Doris gets, no matter how old, she will always feel that sturdy arm of her father sustaining her, and his loving care on guard.

Let her down? That is not John Roberts' idea of a father's responsibility.

He recently secured an Equitable policy. He arranged that, in event of his death, the proceeds would be paid to his daughter—not in a lump sum, but in monthly instalments throughout her lifetime. His little girl can always live comfortably and, moreover, will be assured of sufficient funds for an education.

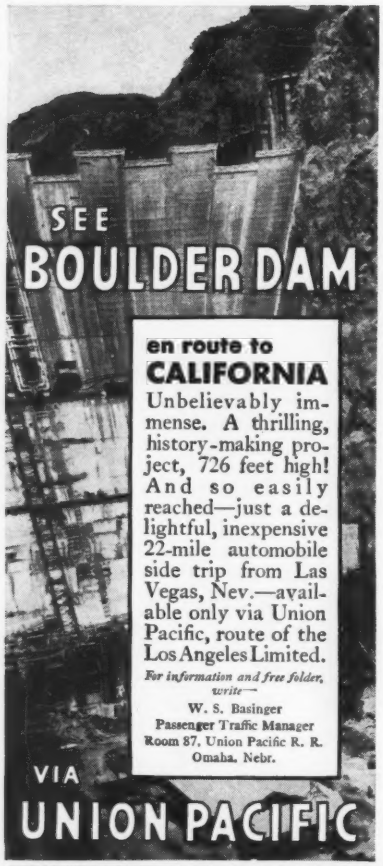
Life insurance made to your measure

The Roberts case is one of many interesting applications of the Equitable Case Method of life insurance planning. This method makes certain that you get exactly the right insurance to fit your own needs and wishes. Obviously, such an approach often makes the same amount accomplish more.

To the EQUITABLE Life Assurance Society
393 Seventh Avenue, New York, N. Y.
Please mail a copy of your booklet describing the Equitable Case Method of Life Insurance Planning.
61N
NAME
ADDRESS
AGE



THE EQUITABLE
FAIR — JUST
LIFE ASSURANCE
SECURITY — PEACE OF MIND
SOCIETY
MUTUAL — COOPERATIVE
OF THE U.S.
NATION-WIDE SERVICE
Thomas I. Parkinson, *President*





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Kimpak
CREPE WADDING PROTECTS
a delicate finish!

ANOTHER KIMPAK user is LUXOR LIMITED, Chicago. Above you see Luxor's La Pompador Gift Box with KIMPAK protecting the delicate finish of the Face Powder box from the hard cover of the gift box itself.

KIMPAK is a soft, resilient crepe wadding that comes in rolls, sheets, and pads of various thicknesses. It is free of dirt and foreign substances. It will protect fine finishes, and minimize breakage during shipment. Easily applied, KIMPAK saves time, labor and money in packing. Customers receive your product in excellent condition, and avoid the handling of messy material.

Let KIMPAK help you get and hold your customers, save you time and money in packing and reduce shipping damage. For free sample and costs write nearest sales office, mentioning your product.

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NEENAH, WISCONSIN
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122 East 42nd Street, New York City
510 West Sixth Street, Los Angeles

him if he'd rather have banking run from the City Hall, the State Capitol, and the government offices at Washington?

One man's benefit another's burden

EVERY business man spends his working hours in economic planning, in trying to see just a little bit farther ahead than his rivals. Shall he add to his store of raw materials; shall he try to increase consumption of his goods by a price decrease; will wage increases be paid for by greater efficiency; will they come out of his pocket or must he add to his prices? Can any Government or group do the job for him and his thousands of competitors?

Take an example. The Government starts to help the drought sufferers by buying cattle. Naturally they get the most worthless animals which, incidentally, is going to be a long range help to a lot of Northwest farmers. Then your amiable uncle in Washington finds himself with some millions of pretty poor hides.

"All right," said the tanners, "if you let us prepare the hides and don't build government tanneries."

But when the shoemakers and shoe sellers heard that the Government contemplated making millions of pairs of shoes to give away, their cries could be heard from St. Louis and Brockton all the way to Washington.

Think of the maker who, having tried to decide whether to stock up on hides, finds unexpected millions on the market at unforseeable prices; of the retailer threatened by a dole in the form of shoes which he must pay for in the form of taxes.

A nation of good risks

IF THIS be Pollyannaism, make the best of it. Most of us—the average man, woman and child, multiplied by 120,000,000—have a great deal of money either in the bank or coming to our folks if we die. There are 93 billions of life insurance policies out—about three-fourths of a policy to every man, woman and child or nearly four to a family. And if we all died at once—which we shan't—and the insurance companies paid off the whole 93 billions they would then owe—which they couldn't because folks don't all die at once—there would be $600 each or say $2,500 a family.

And then there's about 25 billions in savings bank deposits in this country and if we all don't try to take it out at once—and we shan't—there's about $200 per man, woman and child, or say $800 a family. And then there are some 14 million families that own (more or less mortgaged) homes. And there are other more or less satisfactory assets including 700,000 of us who own a share or more of A. T. & T. stock. And that's only one stock.

I'll grant that I'm broke; if you insist that you're broke, I won't argue, but I decline to admit that "we" are broke.

An obscured economic factor

PREMIER MUSSOLINI, it is reported, is planning to take all women workers out of Italian industry. Says his newspaper, *Il Popolo d'Italia*:

> The exodus of women from the field of labor doubtless would have many repercussions in many families, but a legion of men would lift humiliated heads and a hundred times more new families would enter the national life.

More than one thoughtful man in this country has wondered if part of our economic troubles are not to be laid to the influx of women into industry. The census figures show a surprising shift. In 1890, of 11,000,000 married women in the United States, 515,000, or a little less than five per cent, were gainfully employed. In 1930, we had 26,000,000 married women and 3,000,000 of them, or between 11 and 12 per cent, were employed.

Of all women, married and unmarried, 11,000,000 were employed in 1930 as against 4,000,000 in 1900.

The startling figure is not that of women workers but of married women workers. One-third of the married women of the District of Columbia are employed. Have child-bearing and home-making ceased to be worth-while occupations? We used to inveigh against women and child labor. Then our women leaders pleaded for woman "recognition." What would happen if we replaced 3,000,000 married women workers with 3,000,000 unemployed men? Would our world come to an end or would it come nearer an economic balance?

Submitted without comment

TO THE EDITOR:

I am sitting here with a long-time friend and we have been talking about the political and economic set-up of the future, and that led to a discussion of the idea you expressed recently in one of your editorials, to the effect that "the nation has emerged gloriously from every test of destructive forces."

Now then, after 150 years of polyglot migration and the operation of a melting pot which took aliens not one decade removed from their old soil and made voters of them, have we come to the real test of this American Democracy of ours determined by the acid test of votes? Roosevelt got a 7,000,000 majority last time. He can get a larger majority in Detroit today than he got then. Twenty-

XUM

five out of 26 voters, according to the *Review of Reviews'* editor, pay no income taxes. Only one pays income tax and the other 25 are more or less interested in the dole or some kind of government help. With that kind of a voting situation, what do you think about the chances at this time of "emerging gloriously from every test of destructive forces"? And what do you think of discussing for the benefit of the rest of us in an early issue of NATION'S BUSINESS, just this proposition?

The charge of the tax brigade

THE thought that it may soon be necessary to keep our taxes, and let Government have our incomes is given plausible point by a card displayed in the window of the Smith Brothers Restaurant at Poughkeepsie, N. Y., a few miles from the President's estate. The proprietors, William W. and Robert Smith, are grandsons of the late William and Andrew Smith, cough drop manufacturers, who established the restaurant. The card reads:

Taxes Paid By Smith Brothers

Federal income tax
Federal excess profits tax
Poughkeepsie city tax
Dutchess County tax
State tax—New York
Automobile license taxes
Federal oil tax
Telephone tax
Check tax
Federal capital stock tax
New York state franchise tax
Michigan City, Ind., tax
County tax at Michigan City
State of Washington tax on gross receipts
State of Washington personal property tax
State of Oregon personal property tax
State tax—Indiana
Federal gasoline tax
New York gasoline tax
Telegraph tax
Tax for code administration
Processing taxes on sugar, wheat, corn, pork, cotton, peanuts
State of Indiana foreign corporation registration tax
State of Indiana tax on gross receipts
State of Oregon tax on gross receipts
State of California personal property tax

WE DO OUR PART

Branches of the coughdrop business, which is still in the hands of the Smith family, are operated in Oregon, Washington, California, and Indiana. It turns out that the restaurant is an old Smith tradition, and the present proprietors say it will never be abandoned, coughdrops or no coughdrops. But taxes and more taxes? Tradition has a way of surviving death. That it will always be able to triumph over taxes is a question increasingly difficult to answer.

MANUFACTURERS

DISTRIBUTORS



NEW ENGLAND

is ready to go—Are you?

Business *is* better in New England. Little by little the approach to normalcy continues. Figures show it. As of October tenth, retail sales for nine months of 1934 are up more than six per cent over the same period of 1933. And this despite a sharp sales drop in September due to the textile strike which affected five of the six New England states.

New England . . . least hit by depression of any section in the country . . . is ready to go again. Are you?

To cover this rich market adequately, location in the territory is imperative. In this connection, 29 different industries—over 100 tenants—have found the *Boston Wharf* property an ideal base. This fully-developed industrial area is situated on the very rim of Boston's business district. Yet—rents, insurance, and other overhead items are relatively low.



BOSTON WHARF COMPANY

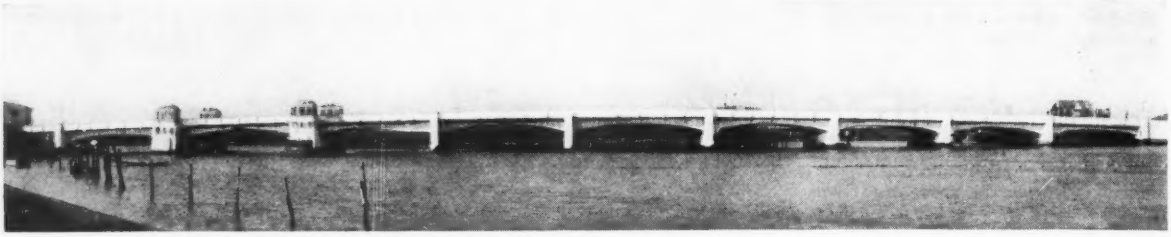
Industrial Service Department—NBN

BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please send descriptive booklet of your property and its relation to the New England market.

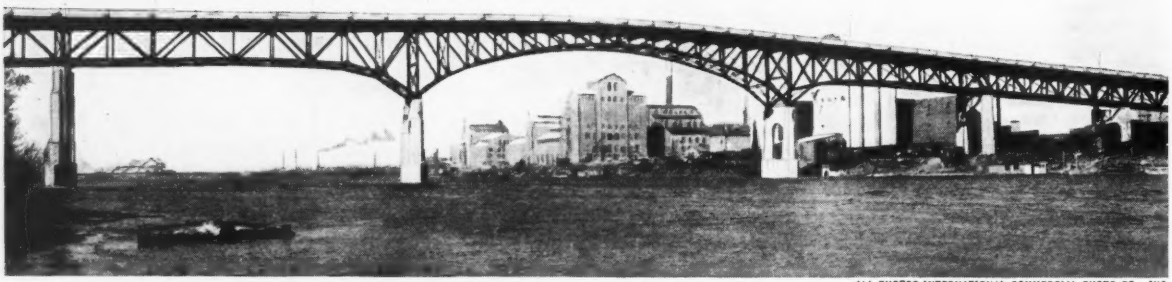
*Name*_____ *Position*_____

*Company and Address*_____



The most beautiful bridges built last year. Top, the Shark River Bridge, winner of the award for spans costing less than a million but more than a quarter million dollars. Center, the Dr. John D. McLoughlin Bridge near Portland, Ore., judged most beautiful of the small bridges. The bottom picture is of the Cedar Street Bridge at Peoria, Illinois, chosen as the winner in the class for spans costing more than a million dollars.





ALL PHOTOS INTERNATIONAL COMMERCIAL PHOTO CO., INC

Beautiful, But Strong

NO LONGER is ability to sustain weight the sole test of the fitness of a bridge. Like other industries, the bridge-builders have turned their attention to beauty as well as utility, encouraged by the American Institute of Steel Construction which for six years has awarded prizes for the three most beautiful steel bridges built in the year. They will be decorated with stainless steel plaques at unveiling ceremonies.

The Cedar Street Bridge at Peoria, fabricated and erected by the McClintic-Marshall Corporation for the City of Peoria, was judged the most beautiful in Class A, which included bridges costing more than a million dollars. The South Tenth Street Bridge over the Monongahela River at Pittsburgh was given honorable mention in this same class.

The Shark River Bridge on the Jersey shore was fabricated and erected by the American Bridge Company for the State of New Jersey Highway Commission. It was judged the most beautiful among bridges of medium size, costing less than a million and more than a quarter million dollars. The Shrewsbury River Bridge at Seabright, New Jersey, fabricated and erected by the same company for the same owners, was given honorable mention in the same class.

The "Dr. John D. McLoughlin Bridge" over the Clackamas River at Oregon City, Ore., was selected as the most beautiful of the small bridges. This was fabricated and erected by Poole & McGonigle of Portland for the Oregon State Highway Commission. The Port Clinton Bridge over the Portage River at Port Clinton, Ohio, was granted honorable mention. These awards particularly honor the designers of the three bridges: The Strauss Engineering Corporation of Chicago which designed the Peoria Bridge; Morris Goodking, Bridge Engineer for the New Jersey Highway Department, who designed the Shark River Bridge, and Dr. C. B. McCullough, Bridge Engineer for the Oregon State Highway Commission, designer of the McLoughlin Bridge.

The awards were instituted on the assumption that engineering structures can possess aesthetic qualities as readily as structures erected under the supervision of architects. For this reason, both architects and engineers serve on the jury which names the winners. The judges are Dr. Gustav Lindenthal, Consulting Engineer, New York; Prof. C. T. Schwarze of the College of Engineering, New York University; Philip Sawyer of York & Sawyer, Architects, New York; Prof. Ralph E. Winslow of the Department of Architecture, Rensselaer Polytechnic Institute, Troy, New York, and Russell F. Whitehead, Editor of *Pencil Points*, New York.

XUM

Small Loans and Safety

(Continued from page 29)

casions. When he learns from the manager of the small loan bank that the rate will be from two per cent to three and one half per cent a month, he may feel that he is being ill-treated. If the manager is the right sort, and more and more lending companies are realizing that it is folly to put a gruff man in the back office, he will take the trouble to explain the situation to the Smiths.

"It has taken the time of one man for a day to find whether you are good for this loan," he will say frankly. "We are in this business to make money and not to lose it. I am happy to say that you have met the test."

Found to be good citizens

THE examiner has learned that John Smith has a job, that he is regarded as a good workman, and that his neighbors think well of him. He does not drink to excess, he sends his children to school, and his wife is a good housekeeper. The Smiths are good citizens in every way, and the fact that they are in temporary need of money is not held against them. The small loan banker suggests that Mrs. Smith come in with her husband to sign the papers.

"We will want a chattel mortgage on your furniture," he says. "Mrs. Smith's signature will be required."

Mr. Smith will be surprised at that, perhaps. He has been told that furniture is not highly regarded as security.

"We want to know how much money you owe now and whether you will pay your debts with this money if we lend it to you. What is your income? How do you spend it?

"I am a better manager of your money than I am of my own. If you will let me go through your personal accounts I can cut out many needless expenditures. If you go through my accounts you can do the same thing."

In that fact lies the virtue of a budget. The small loan banker pares petty wastes out of the Smith spendings. He ties the amount of the loan directly to the monthly income. In a study of approximately 300,000 small loans made by the Household Finance Corporation of Chicago for a total of more than $56,000,000 it was learned that the average borrowing was $187 and the average monthly income was $157.

"If you get rid of these little debts you can afford to pay one-tenth of your income each month," the banker will say. "At the end of 20 months that will have wiped out both principal and interest."

Mr. Smith may be expansive.

"I can pay you more than that," he declares. "Forty dollars a month at least. I'll get rid of this debt as quickly as possible."

"O. K., pay as much as you can. It will save you money." But the banker knows more than Smith does about the bills that must be met each month. "One-tenth of the income is the average."

Smith gets the full amount of the loan under the provisions of the uniform small loan law. This law was written after inquiries made by the Russell Sage Foundation and other philanthropic agencies, and is designed both to protect the debtor and to afford a rate of return which will enable the lender to do business at a reasonable profit and is the result of the trial-and-error method over a period of more than 20 years. It is not identical in its provisions in the 29 states, but in general it provides that:

The borrower shall receive the full amount of the loan, free of all discounts, fees and hidden charges.

Repayments shall be in monthly installments, covering principal and interest. Repayment in full may be made at any time.

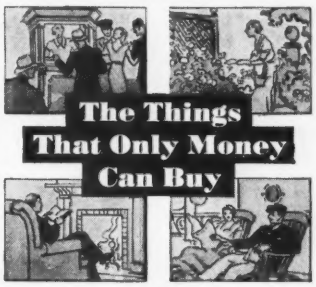
Simple interest may be charged only on the balance of principal due.

The wording of the note shall be clearly understandable.

A rate never exceeding 3.5 per cent a month is permitted on balances not secured by collateral or endorsers.

Lenders shall be bonded, licensed, and supervised by a state department.

If John Smith had $40,000 worth of Liberty Bonds he could borrow $30,000 at six per cent at any bank, in ten minutes' time. That loan could be collected by the banker at the cost of a three cent stamp. If the interest is not paid the bonds are sold. But if the $30,000 is split into 100 separate transactions, the clerical labor involved at the outset is precisely 100 times as great as that required of the banker who lent the $30,000 in a lump sum. As payments are required on the principal and interest monthly the clerical labor would be repeated 20 times in the course of the 20 month period permitted under the uniform small loan law. The cost of overhead is precisely the same for a ten dollar loan as it is for the maximum of $300. The personal finance companies lose money on the extremely small loans, when the cost of investigation and bookkeeping is taken into account. On the other hand, it is estimated that if all the loans were for the maximum of $300, a two per cent per month interest rate would afford



The Things That Only Money Can Buy

You will need them as much—perhaps more—when your earning power is less than it is today.

The John Hancock Annuity is one way of sending ahead the money that you will need in later life. It provides an income that is both guaranteed and permanent.

John Hancock Mutual Life Insurance Company of Boston, Massachusetts

JOHN HANCOCK INQUIRY BUREAU
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Please send me your booklet on annuities.
Name .....
Street and No. .....
City ..... *State* .....
N. B. 11-34

OUR SALES HAVE INCREASED EVERY WEEK SINCE ADOPTING THE LETTERGRAPH SYSTEM

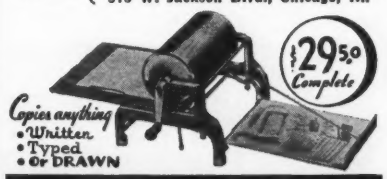


YOU TOO, CAN *Boost Sales* THIS ECONOMICAL WAY!

● With a Lettergraph installed in your office you can quickly and at slight expense get out letters, postcards, bulletins, circulars and other literature so necessary to stimulate sales. Experience proves that keeping frequent contact with customers and prospects builds good will and encourages more buying. And when you can do this with the Lettergraph *at a big saving in cost* over any other method, keeping up sales is largely a matter of adopting the Lettergraph System. O'Neal of Illinois kept up sales at *a saving of 66%* in advertising cost. Berg of Minnesota doubled sales. Many other business houses equally successful.

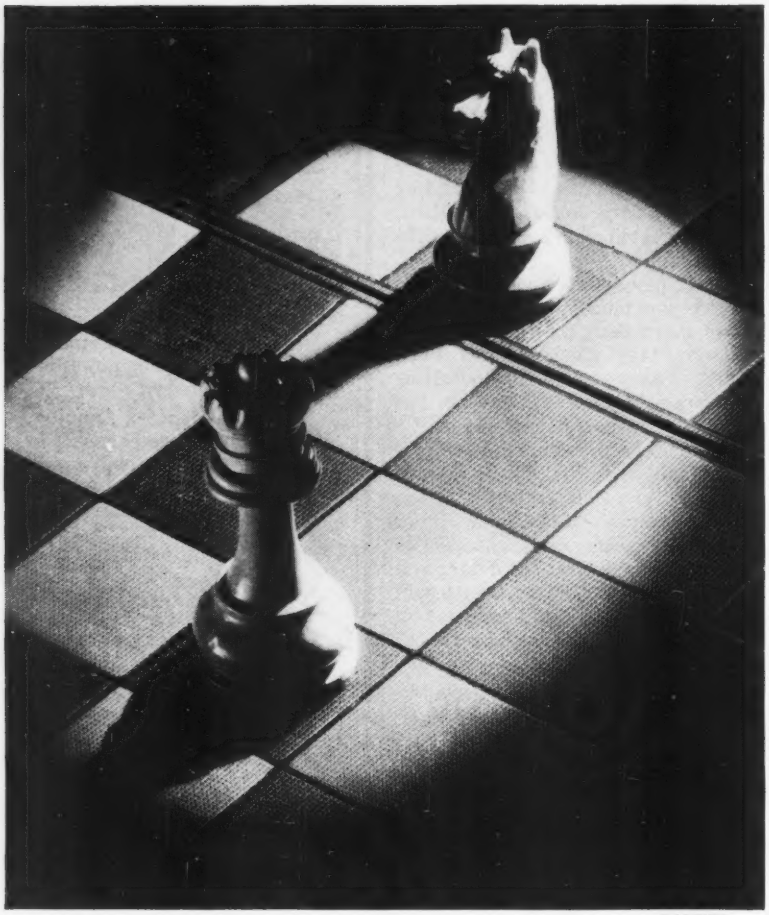
● We shall be glad to send you the complete success story and explain how the Lettergraph System has increased sales for others. Write us today for full details, special 10-day trial offer and proof that the Lettergraph *will* build sales and save money. No obligation.

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HEYER ROTARY LETTERGRAPH



GALLOWAY

FORETHOUGHT WINS

In business, as in chess, proper forethought prevents losses. ☆ Since 1884 the Standard Accident Insurance Company of Detroit has been guarding the welfare of its policyholders with sound casualty insurance . . . over 136 millions of dollars have been paid on behalf of Standard's assureds. ☆ Today, through forethought, many of the nation's largest business organizations enjoy the security of Standard's protection. ☆ Responsible agents and brokers everywhere can supply you with insurance and bonds in this 50-year old institution.

Automobile . . . Personal Accident and Sickness . . . Burglary and Holdup . . . Plate Glass Breakage . . . General Liability (all forms) . . . Workmen's Compensation . . . Fidelity and Surety Bonds (all forms). ★ An experienced national organization of agents, inspectors, safety engineers, auditors and adjusters assures prompt, satisfactory attention on all policies and bonds whether issued to individuals or large Corporations.

STANDARD
ACCIDENT INSURANCE COMPANY
of Detroit

the lending companies a reasonable profit.

The proof of the pudding is in the eating. In the 29 states in which the uniform small loan act is written on the statute books the system works to the satisfaction of borrower and lender. Dr. Samuel Stevens of Northwestern University reported after a study of 1,700 cases that "the vast majority borrowed to meet an economic need and repaid their loans regularly. They derived positive social and psychological values from the transactions. Only 11 per cent were delinquent in payment."

Most customers prove honest

THE figures of most lenders prove that the customer of the finance companies is an honest man. Cynics may account for this by the fact that the initial investigation has demonstrated his honesty. A banker who lends money on the security of character will at least make certain that the character is there before he lends.

"The percentage of rascals is negligible," said B. F. Henderson, president of Household Finance Corporation. "If a borrower fails to pay it is because he lacks the money. Economic life at best is complex and difficult. It is our business to help him as much as we can. Often he only needs the application of system to his own affairs. Such service is a costly addition to the expense of our business."

The credit organizations of various cities have recognized this. At one time they were in unanimous opposition to the personal finance companies, on the theory that every dollar lent by them to a customer in default to the local merchants made the payment of that default less probable. Now they see that the money borrowed is in almost every instance used for a worthy purpose and that one of the first things the borrower does is to pay off his debts to the stores. An examination of 300,000 loans made by the Household Finance Corporation showed these facts:

About eight per cent of the borrowers used the money to pay existing debts; one in eight to pay medical bills, one in nine to pay taxes. One in 12 borrowed for business needs. The percentage who borrowed for causes which might not be considered emergent was small. These causes as listed were for travel and vacation needs, to assist hard-up relatives, to buy household necessities and for purpose of education. In one instance two middle-aged women came to Mr. Henderson's company:

"If we had $300 we could open a beauty parlor," they said. "We know we could make money."

The resultant inquiry showed that

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they had been unwelcome guests on the home of a relative by marriage. They proved up on character and ability and they got the money.

"They succeeded," Henderson said proudly. "But you will admit that the security they offered would not have been taken by a bank."

It is estimated that 80 per cent of the families of the United States are more or less intermittently unable to get banking facilities through the usual channels. This is not to say that 80 per cent of the families are destitute, but that emergencies arise which compel them to borrow money. Some never have collateral on which a bank would lend. Others are normally in possession of such security but are deprived of it occasionally because of illness or misfortune. The personal finance companies which operate under the uniform small loan law lent in the 29 states last year approximately $300,000,000, but they are merely the most important group and by no means cover the field.

Leaving out of consideration the unlicensed lenders and pawnbrokers, the other classes of lenders include the industrial banks, which lent last year about $270,000,000 on endorsed notes. Credit unions or cooperative organizations accounted for more than $60,000,000 more, and semi-philanthropic institutions lent as much again. The axias, or savings and loan associations restricted to racial groups may have lent as much as $30,000,000, the comparatively few commercial banks which have established personal loan services reported about $40,000,000, and loan services of industrial companies put out about $20,000,000 more. No account is taken here of the different service of the regular building loan associations.

Interest payments reduced

AN important phase of the small loan business as conducted under the uniform law—and similar laws—is that the borrower is required to make a payment against principal each month. Hasty commentators conclude that an interest charge of three and one half percent a month amounts to $42 on a $100 loan in a year. This would be true if the principal were not reduced and at the end of 20 months the total is wiped out. This fact seems to be responsible for a lessening in the anxiety of some of the governmental experiments to take over the small loan business. They learned that in various states it has been shown that legitimate money lenders cannot do business at a rate that does not assure them safety with some profit, and that each effort to cut that rate too low has simply prohibited a necessary service.

MONROE EXPANDS ITS NATION-WIDE FIGURE SERVICE

MONROE CALCULATING MACHINE COMPANY, INC.

now sells, services, and guarantees through its 150 factory-owned branches

The New

MONROE-GARDNER

A line of accounting, bookkeeping, and listing machines for desk use—speedy, quiet, simple and flexible.

● The basic Monroe principles that have made Monroe the standard adding-calculator the world over have now been applied to the New Monroe-Gardner accounting, bookkeeping, and listing machines.

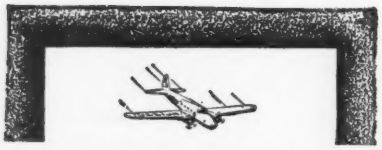
The New Monroe-Gardner is simple, fast, flexible. It is small enough and light enough to be carried from desk to desk, from department to department. It differs so radically from any other accounting or bookkeeping machine that you must see it to appreciate how completely modern it is.

A phone call to the nearest Monroe branch will bring a new Monroe-Gardner to your desk—or write us. Monroe Calculating Machine Co., Inc., Orange, N. J.



Compact and Handy
The New Monroe-Gardner accounting, bookkeeping, and listing machines are easily moved from desk to desk.

COMPLETE FIGURE SERVICE—CALCULATING, ACCOUNTING, CHECK WRITING AND SIGNING MACHINES



Stimulate Business!

AIR EXPRESS deliveries can step-up your business speed, liven contacts, build reputation. Use and specify this speed.

NEW LOW RATES NOW IN EFFECT

Express carried in high speed multi-motor passenger planes. One express receipt covers Nation-wide Air, Air-Rail Service. Ship prepaid, collect, or C. O. D.

Phone

AIR EXPRESS DIV. OF RAILWAY EXPRESS AGENCY

for free pick-ups, rates and information or any

UNITED AIR LINES OR WESTERN UNION OFFICE

Friendly understanding

between management and operating force is invaluable to any business enterprise.

GROUP INSURANCE

is in demand for this very good reason. It costs little and achieves much.

Facts and figures ready for inquiring employers



THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE: Newark, N. J.

What the Average Customer Thinks

(Continued from page 33)

think. Explanations have to be given him in easy stages, with simple and concrete words. Pictures and simple diagrams—with some red on them—help.

Yet he remembers best and wants most the things which he understands. He cannot "dope out" an accumulative endowment retirement policy; but he can understand it when the salesman lays six $5 bills on the table and tells him they'll come his way each month in a certain number of years.

His wife cannot understand the chemical analyses of the better materials used in a higher-priced washing machine, but she can appreciate the machine's worth when she sees a dollar bill placed on one of the wringer bearings, a silver half-dollar on the rubber switch plate and so on to show the definite places of superior workmanship and their value.

Since it is hard for the average man to figure things out, many complicated assemblies of machinery are wisely concealed within a simple appearing housing. Never should the salesman lift the cover to show the wizard idea to the average customer, never, no matter how proud the engineering vice president is of it.

Of course, it is just as difficult for the average man to see ahead or to think ahead. He persisted in driving his automobile right in the middle of the road over the hills and around the curves, until some unknown genius thought of painting a white line on the highway for this short-sighted average fellow to follow. Since he can't see ahead and forgets quickly, he is most likely to lapse his insurance policy during the first two years. A high cash value—which is exceptional—makes him less inclined to drop it so soon.

He remembers best what is repeated many times—that is why wise firms keep on advertising, through good times and bad. He forgets quickly and thoroughly. Pleasant things, pleasantly presented, he remembers well. He is inclined to forget the product offered by the salesman who is gruff and stern.

Things which were vivid and clear stick tenaciously in his memory. He remembers and quite likely still uses a motor oil which the filling station attendant showed him frozen inside a cake of ice but still liquid. Demonstrations which are clear and vivid make things stick.

First impressions he remembers well. When he changes his brand of cigarettes he is likely to go back to the one he started smoking years ago.

The demonstration of the first vacuum cleaner salesman to call at his house sticks better than those made by the last three or four.

So the first impression not only should be pleasant. Since it lasts, it also should tell the essentials of the sales story: "Good morning. I want to show you how you can save on your coal bill and how you can have more time to rest."

People remember pleasant things better, and—always bear in mind—they are more likely to act on pleasant things. The average man avoids pain and seeks pleasure. He seeks the comfortably lighted salesroom, the store with the lounge in which he can relax. He buys more sugar than vinegar. He buys things with pleasing colors, odors, and sounds and avoids things, perhaps equally well made and serviceable, which do not give him these simple sensory pleasures.

A serenade by telephone

A FACTORY salesman of electric clocks knew this. Several times he had tried to get into the office of a department-store buyer without success. One morning while he was going over his records at the factory he had an idea. His company's new line included a model with pleasing chimes. He put in a long-distance call to the buyer who would not see him. When he had him on the wire the salesman held a clock to the mouthpiece and let the chimes serenade the prospect.

"What on earth is that?" asked the buyer.

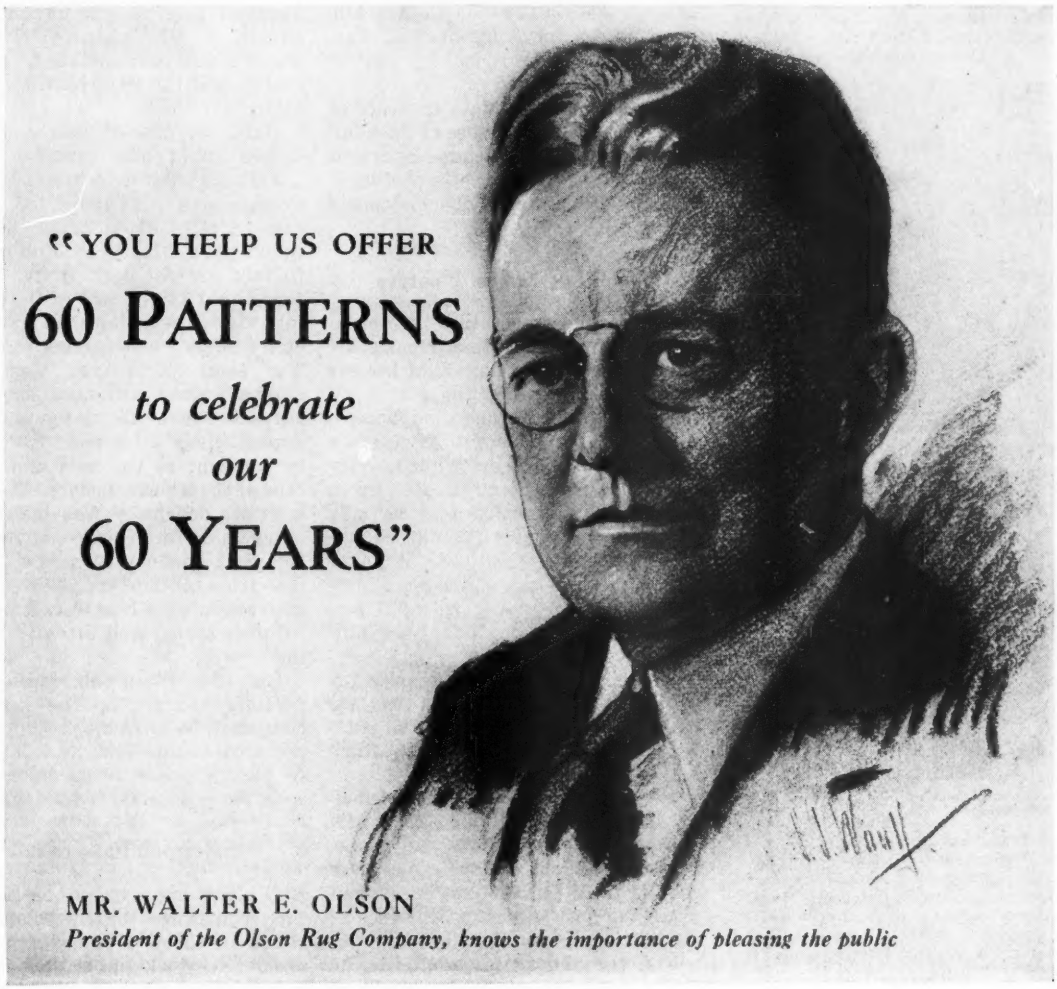
"The new clock I have been trying to show you for a month."

He got an order, of course, or the salesman would not have told about it.

But there is a perpetual handicap. Latent in every sale is an unpleasant thought. Parting with money will take away some of the security which the average man craves. Unpleasant thoughts in the fringe of his mind cannot be avoided. The pleasurable thoughts, as stirred by the advertisement writer or explained by the salesman, have to be effective enough to offset those inevitable unpleasant thoughts.

Although the average man denies it, he is essentially selfish. He wants a comfortable pair of shoes before he will donate for the famine sufferers 5,000 miles away. He buys his wife

XUM



MR. WALTER E. OLSON
President of the Olson Rug Company, knows the importance of pleasing the public

"FOR 60 years the women of America have been sending us their old carpets, rugs and clothing to be re-dyed and re-woven into new rugs. And today we are the largest manufacturers of rugs in America dealing direct with the home.

"This year, celebrating our 60th anniversary, we are offering 60 new colors and patterns, thanks in large part to Monel Metal.

"Our dyehouse is one of the finest and most modern in this country. Monel equipment enables us to re-dye all sorts of reclaimed wool in brand new colors, and do it *promptly*.

"Because our dye equipment is Monel Metal it is quickly cleaned between batches (dye one tint—clean—dye another tint—then clean again.) Monel Metal does not, *can not*, soak up dye. Can't absorb it. Just a quick rinse, and it's ready for the new color.

"Moreover, Monel Metal does not *react* with the dye liquor. Doesn't set up chemical action to produce 'off colors.' It helps us to give our customers the color they want, always true to sample, and without delay."

* * *

Monel Metal qualities that are valuable in the dyehouse, are equally valuable to other manufacturers who need equipment that is chemically stable, resistant to corrosion, and immune to rust. Monel Metal has proved, by a quarter century of use, its corrosion resistance plus great strength. Good reason for its extensive use in Boulder Dam.

The laundry owner, the food processor, the salt maker, in common with the power plant engineer, the hospital superintendent, the hotel manager, the maker of drugs and chemicals, all depend on Monel Metal to cut their costs of maintenance and operation.

Get the facts! Then decide how Monel Metal will pay its way as equipment for your factory, or in your product to increase its sales appeal. Ask our engineers to lay their data before you. Only in that way can you reach the kind of decision that you want to make.

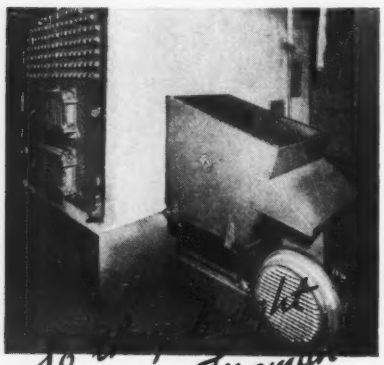
See the INCO *Exhibit of*
MONEL METAL Household Appliances
at A Century of Progress, Chicago—1934
Home Planning Hall

THE INTERNATIONAL NICKEL COMPANY, INC., 67 Wall St., New York, N. Y.

Monel Metal is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.

Monel Metal

Bowles Lunch Limited, with headquarters in Toronto and branches in Hamilton, Ottawa, and London, Ontario, installed their first Iron Fireman automatic coal burner in August, 1932. Fuel cost savings greatly exceeded the estimate made by the Iron Fireman representative.



-16 [illegible] 17 Iron Fireman coal burners



Mr. H. R. Hinman of Bowles Lunch Limited.

● Seventeen Iron Fireman Automatic Coal Burners have been purchased by Bowles Lunch Limited in the past two years. Twelve of these machines have been in operation a full year, and have turned in fuel cost savings of $9,360.88—cutting former annual fuel bills from $15,340.25 to $5,979.37—a saving of 60%.

"The savings realized with the first installation greatly exceeded your estimate," states Mr. Hinman. "The mere fact of our having added sixteen additional units after our first installation is sufficient proof of how satisfied we are with the Iron Fireman."

The experience of Bowles Lunch Limited is typical of the results Iron Fireman is achieving in thousands of heating and power plants. If you pay fuel bills for a home, business building, manufacturing plant or institution, you should investigate Iron Fireman and learn what it can do for you. Your dealer will gladly make a survey of your firing costs and submit a report on the savings that may be expected with Iron Fireman replacing your present method of firing. Ask for this survey. There is no cost or obligation. The facts may surprise you.



Models for homes and heating and power boilers up to 300 h.p. Quickly installed. Convenient terms of payment. Iron Fireman Manufacturing Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.

IRON FIREMAN

AUTOMATIC *Self Regulating* COAL FIRING

IRON FIREMAN MANUFACTURING CO.
3023 W. 106th Street, Cleveland, Ohio

Type of plant:

☐ Send literature ☐ Commercial Heating
☐ Make firing survey ☐ Power ☐ Residential

Name.....

Address.....

conveniences because he wants people to know he is a good husband. Or he may keep his charities secret because he feels that Saint Peter will give him more credit for doing it that way. Through it all he is looking out for Number One.

The average man is a creature of habit. He smokes because of the habit of puffing and not because he craves tobacco. Others have the habit of toying with a watch charm instead of puffing.

Afraid of radical changes

THIS being a creature of habit makes him a bit afraid of change. He is cautious about things that involve new ideas. But when the new is introduced to him through old, accepted channels of thought, it seems a part of the old. The erstwhile novelty becomes an old friend dressed up in a new suit. Thus any fear he may have had of air-conditioning is removed when he sees that it is just a combination of the electric refrigerator, which is giving splendid service in his kitchen, and of the hot-air heating duct.

He wants to see someone else try new inventions first, unless they are shown to him as something he is already well familiar with and in which he has confidence.

He complains because the principal of the school is trying some new educational experiments and plans. He is suspicious of any good ever coming from the new system or machine the boss wants to introduce at the office.

For, through all his adult life, he wants things to run pretty much on an even keel, without the annoyance of changes from his regular routine. If all the dentists in the world were to proclaim that tooth brushing was injurious, the chances are that he would keep right on scrubbing his molars every morning. Habit is that way. No reader of a boy's magazine is going to buy a $2,000 automobile or Zenith insurance or an electric range which he sees advertised in its pages. In a few years when he may be a prospect, however, it will be difficult to get him to think of anything but those makes which were, in a sense, friends of his boyhood.

Retailers are no exception. They usually buy one line or from one wholesaler because they have acquired the habit. Changing styles and methods cannot overcome the force of habit; they still stick to their first loves. Even purchasing agents get the notion that one line of furniture is a little more durable and continue buying that for the institution regardless of competitive price arguments. Habit makes them fearful, too, of changing to something new.

The customer is less afraid of something new if he sees the letterheads of persons who have recently bought it. Or pictures of homes where it has been installed. Both are useful, and the letterhead is usually easily obtained.

Habit, the line of least resistance, causes untold sales resistance.

Perhaps habit determines what the average man talks about, too. At any rate he talks about much the same things year after year. And he likes to talk a great deal. H. W. Hepner found that 14 per cent of the men he interviewed reported their most difficult tendency was talking too much. The same percentage was found among women, although some have suspected that talking too much was preëminently a feminine trait. Thirty per cent of the men and 19 per cent of the women declared that their greatest deficiency was inability to carry on an interesting conversation. But that does not keep the average man from talking, and the wise salesman encourages him to talk by careful questioning and attentive listening.

Listening gives the salesman opportunity to size-up the individual consumer, to learn his prejudices and preferences and how he thinks, and to plan a presentation in harmony with the prospect's individual needs.

Salesmen have to talk

BUT listening can be carried too far. Sometimes the salesman is inclined to throw a cloak of mystery around his work and his firm and not to talk about what he has to sell unless he is addressing a real honest-to-goodness prospect. Such salesmen miss many sales. A five-minute talk with the neighborhood grocer, when buying cigarettes, will likely indicate the livest prospects in the vicinity, if the grocer knows what the salesman's business is. The cigar-counter attendant in the office building, the mechanic who repairs the salesman's car, dozens of persons with whom he could be on talking terms, can uncover possible sales for him. But not if the salesman throws a mantle of secrecy around his work.

People like to talk. Except for a rare few, they like to be friendly and helpful. A wise salesman talks when he's not selling, listens when he has a customer.

And when talking to people he talks about things they like to talk about. Several studies of what people talk about shows that women just naturally talk about people, men talk more about things. Women talk about decorations and how they have arranged their house, men talk more

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about prices and about business in general. The woman talks about how the electric refrigerator would fit into her kitchen, the man about the horsepower of the motor on the compressor and the interest rate on the payments.

International relations and the future of aviation are, of course, important topics for talk. But average persons would rather talk about their children, the record of the local ball team, how they manage to grow such vigorous flowers, how nice it is to have a front porch that gets the shade in the afternoon. A mine catastrophe in Venezuela is far less interesting to talk about than the cat that was chased up the tree by the neighbor's dog.

Too many things to talk of

IT IS so easy to find things to talk about, unfortunately, that some salesmen overlook shifting from talking about the shady porch to air conditioning, or from the cat up the tree to accident insurance.

In 603 retail sales in St. Louis the salesperson opened the conversation in only 483 instances.

When the average man goes into a store or show room he wants to turn to his right; it strikes him that it is not natural to go to the left.

He has a prejudice in favor of prices with an odd number as the last figure. Hosiery priced at 83c appeals more to him than others priced at 72c.

After he has walked about 20 feet he wants to change his direction, and he would rather walk down to a basement than up to the next floor.

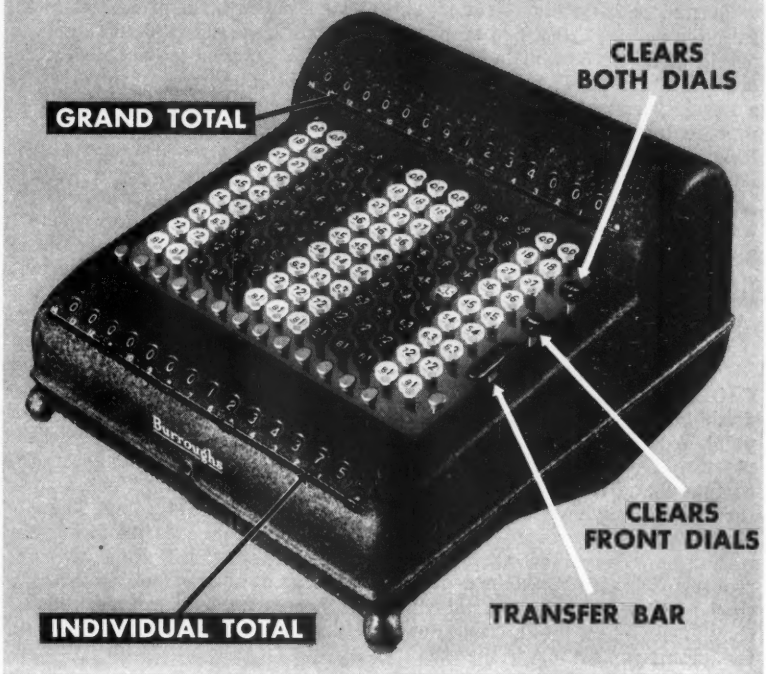
He likes to handle merchandise. Handling it makes him want it if he has a need for it. When a counter display of whisk brooms was shifted so the handles were convenient to pick up, their sale increased 22 per cent. That is one of the secrets of the 5 and 10 cent stores.

"I am the world's worst salesman," W. W. Woolworth confessed, "therefore I must make it easy for people to buy." Easy-to-handle demonstrations make it easier to buy. In a store the average person makes many purchases on impulse, largely because the store makes it easy for him to buy. He goes to the store to buy a suit of clothes, but handles a necktie and a cigar lighter displayed on the counter convenient to his hand. He buys them, too, for the same impulsive reason he has for years been buying chewing gum and candy bars.

The average person is just that way—it is easier to spend five nickels impulsively than to figure a little on what to do with a quarter. That's why salesmen were born.

Burroughs

DUPLEX CALCULATOR



COMPLETE ELECTRIC OPERATION

TWO SETS OF DIALS Individual totals are obtained in front dials, then transferred electrically to rear dials for accumulation into a grand total. The two sets of dials are well separated to avoid confusion.

ELECTRIC TRANSFER Touching the transfer bar enters the amount of the individual total in rear dials electrically, and clears the front dials.

ELECTRIC CLEARANCE A single touch of a key clears the front dials without transferring; another key clears both dials simultaneously. Both operations are electric. No cranks to turn; no levers to pull.

FASTER SUBTRACTION Entirely new feature provides the simplest method of subtraction on any key-actuated calculating machine.

FRACTIONAL CENT The machine gives, or takes, the half-cent as desired; or accumulates fractional amounts in the normal way.

OTHER ADVANTAGES Complete one-hand control; uniform, light touch for all keys; fast, positive action; accuracy electrically enforced; motor does the work.

The Duplex is furnished in 9 and 13 column sizes. Write for illustrated folder.

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

Interpreting Section 7a with Bricks

(Continued from page 22)

tion on each of the 14 demands. These demands and the company's reply appear on page 23.

Without replying to our statement, or even acknowledging receipt of it, the Union arbitrarily broke off the discussions and on Friday, July 13, called a strike.

Even more surprising—and significant—is the fact, testified to by the president of the Wisconsin State Federation of Labor, Henry Ohl, Jr., at a hearing August 30, 1934, before a representative of the National Labor Relations Board, that the original vote to strike was taken in September, 1933, or about that time. That was before the union had held a single meeting with representatives of the company and before it had presented any demands.

Picketed by strangers

FROM the morning of July 16, hundreds of pickets surrounded the plant. A majority of them were people who had never worked for the company, and fewer than a dozen of them were residents of Kohler Village. They manhandled and forcibly turned back employees who tried to report for work. In defiance of law, they carried long ropes with which they blocked passage into and out of the premises. Although the factory was voluntarily shut down to avoid violence, and all production suspended after the first day, more than 200 employees, including several young women, were forced to remain inside for 12 days. More than 1500 employees petitioned the village authorities for protection so that they could return to work, expressing themselves as satisfied with the treatment they had had from the company.

Day and night for nearly two weeks the people of the village were disturbed and offended by shouting and foul language, vandalism and threats. Many women and children were sent out of town to save them from the terrorism and physical harm.

The first day saw another illegal and violent act carrying an even graver danger to the entire community. Six cars of coal consigned to the company were halted outside the yards and dumped so as to block the tracks. The stock of coal became so low as to threaten a water famine and a crippling both of fire protection and the sanitary sewerage system, since the village obtains its water from the Kohler Company plant under a contract arrangement. To avoid that onus, the pickets said they would permit the necessary coal—one car every two days—to enter the plant to provide the water supply and necessary plant maintenance. The company made no attempt to obtain more than three cars of coal a week and no production was carried on.

The police force of Kohler Village normally consists of two men, too small a number, obviously, to cope with the hundreds of strikers and their sympathizers. The sheriff had only a handful of deputies available. It was a task of several days to swear in, instruct, and equip a sufficient number of special village police—residents of the village together with some men from neighboring communities. There were no company police and no strike breakers.

Friday morning, July 27, pickets in violation of their word prevented a car of coal from entering the plant and it was returned to Sheboygan. In the face of the imminent danger of a stoppage of the water supply, the car was again sent for and entered the yard under the protection of county deputies and village police. These officers then cleaned up the picket nests and shacks on company-owned grounds at the rear of the plant and gathered up half a truck-load of clubs, stones and other weapons.

Attacks by rioters

THAT night, a mob, numbering thousands and consisting mostly of persons who had never worked for Kohler Company, surrounded the plant. They attacked the factory, office, and medical department with a barrage of missiles, not only breaking windows and otherwise damaging property but endangering people both inside and out. The mob then turned on the village where they carried the attack to homes, using not only bricks and stones but firearms. In a desperate battle, in which two lives were lost, some 40 of the crowd wounded, and a number of police injured, the rioters were pushed back to the outskirts of the village and held there until the National Guard, at the request of the sheriff and on orders from the Governor, arrived the next morning. The following statement was published by the president of the village, Anton F. Brotz, following a personal investigation:

> The suddenness of the mob's almost simultaneous attack at all points, the effectiveness of its violence and the fact that it was supplied with thousands of rocks and bricks which were not available on the concrete-paved highway all indicate that careful preparation had been made in advance.
>
> Beginning at two sides of the plant, the mob proceeded as if following an organized plan and carried the attack over a mile on High Street and Upper and Lower Falls Roads. Practically all the windows in the northwest pottery, south foundry, cleaning and locker buildings, the personnel office and the medical department, where a company doctor was working, and in which members of the picket line had been treated for sore feet without cost for the past two weeks, were shattered. Meanwhile strikers had broken through the rear fence in five places.
>
> Still the village police offered no resistance because they wished to avoid injury to anyone. It was not until the mob had wrecked the police car, stoned the car of Miss Nichols, County Probation Officer, attacked the general office building, broken the glass in the main doors and nearly every plate glass window in the basement and first two floors and was about to rush the entrance to the office where girl telephone operators were working, that the village police went into action by releasing gas bombs. This drove the mob north to the end of High Street, where the effects of the gas wore off and the mob renewed its attack.
>
> Up to this point not a shot had been fired, and, as far as I have been able to learn, no one was injured.
>
> A number of shots were fired by members of the mob, two scores of large plate glass windows in the village recreation hall were broken and the mob, thoroughly out of control, was moving to attack the village. Then the police resorted to their guns.

Herbert V. Kohler, Executive Vice President of Kohler Company, issued this statement:

> On definite orders from me none of the men within the company grounds to protect the property participated in repulsing the riot Friday night. A number of them, deputized by the village, were armed when it appeared that the mob would break through the gates and fences into the grounds and buildings as was often threatened. Some gas shells were projected into the mob when it was threatening the gates and buildings, but not a bullet was shot at any time by anyone within the plant fences.

Despite a flood of union propaganda, obviously intended to muddy the water, certain significant facts in connection with the strike at Kohler have emerged clearly.

It was not a strike, in good faith, to correct grievances as to wages, hours, and working conditions. No demands along that line were made until the 14 point proposal was submitted and those demands were all abandoned by the leaders in our joint conferences with the Chicago Regional Labor Board after the riot.

The issues, then, are legal and con-

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stitutional, principally the interpretation of Section 7 (a). The union first attempted to settle this issue in the streets, by picketing and force.

When violence failed, the leaders sought, at the mediation conferences, to have us "compromise" on the basis that we yield completely on the questions of law and principle, while they would postpone their demands as to wages until they had the sole right of bargaining for all the employees.

Upon our refusal thus to deny our workers the right as individuals or groups to choose their own representation, the union filed a petition with the National Labor Relations Board to declare us law violators, take away our Blue Eagle, dissolve the Kohler Workers' Association, which they allege to be a "company union," and call an election on the basis that the majority shall represent all employees. A hearing has been held and, as this is written, the findings of the Board are being awaited. The propriety of their having instituted this proceeding is not in question and we only ask why they did not do it before resorting to violence.

Two views of the courts

BUT the possibility that we might appeal to the courts, if the Board's decision should appear to us not to be warranted by the law and the facts, has been propagandized in advance by the union as proving our utter depravity and contempt of law. In effect, the union says that, should we seek by legal and constitutional processes to find out what the law really means, that will prove our contempt for the law and Government.

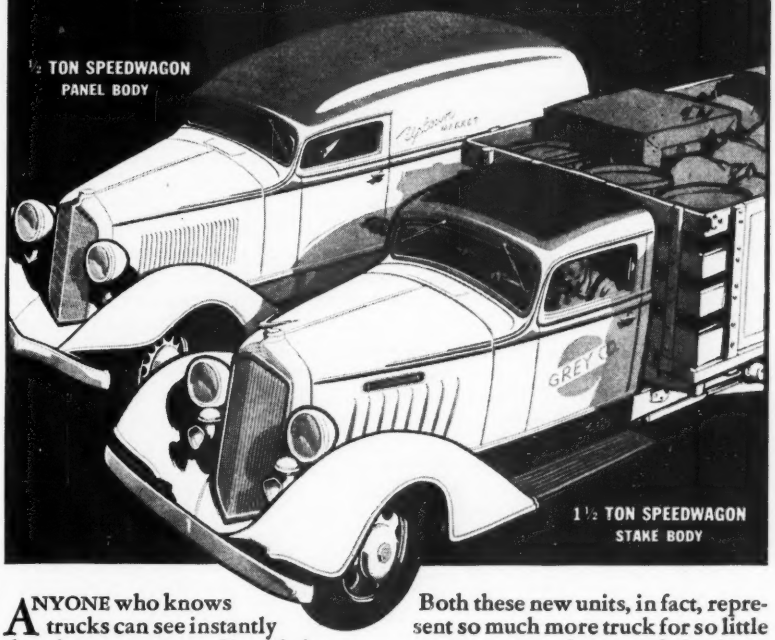
It seems plain that they do not want that question of interpretation settled: for, should the decision be adverse to them, they could no longer put their own interpretation upon the law; they could not set themselves up as the chosen instrumentality of government for the construing and enforcing of the law. Collective bargaining and strikes would then hinge more upon whether the employer treated the workers well and justly; good industrial relations would less often be disrupted, men would less often be subjected to the hardships of strikes originating merely in union politics and the lust for power.

Another thing that urgently needs to be cleared up in an authoritative and final way is the meaning of the word "bargaining." The NRA Administrator and General Counsel, in their memorandum of February 4 in relation to the Executive Order of February 1 on Elections, said:

"The right of collective bargaining

30 years of quality building laid the foundation for these great

NEW REO TRUCKS



ANYONE who knows trucks can see instantly that these great new Reos bring to the market something entirely without precedent in VALUES!

The ½-ton Speedwagon—new in the Reo line—has appearance and quality advantages that set it far apart from the field. Yet it is priced within a few dollars of the lowest!

The 1½-ton unit combines a gracefully streamlined exterior with quality features so extraordinary that the few extra dollars it takes to buy the Reo are indeed well invested.

Both these new units, in fact, represent so much more truck for so little more money that good business judgment literally demands consideration of Reo before any decision is made on new equipment.

Thirty years of better-value-building laid the foundation for these new trucks—and they excel even the greatest Reo values of the past!

With the selection of a Reo comes the priceless advantage of Reo Ability Rating—the Exclusive Reo System that tells you in advance exactly what your truck will do.

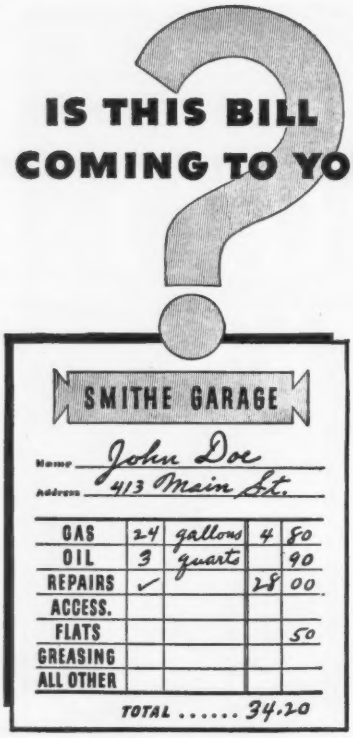
STANDARD BODY TYPES FOR NEARLY EVERY BUSINESS

Next to seeing and driving the new Reo trucks, the simplest way of judging their exceptional quality is to compare them point by point with other trucks. With the Reo Extra Value Disc you can do this at a glance. Write us or ask your Reo dealer for this interesting disc and prove to yourself how much more truck you get when you buy a Reo! . . . ** Special equipment extra, prices f. o. b. Lansing, plus tax.*

1½ TON SPEEDWAGON CHASSIS $595*

½ TON SPEEDWAGON PANEL BODY $695*

REO MOTOR CAR COMPANY
LANSING, MICHIGAN



THOUSANDS of bills like this were sent out last Winter. Who paid them? Car owners who tried to save a dollar or so by using anti-freeze that boiled off.

Remember those spouting, steaming frozen-up cars you passed last Winter? Lots of those cars had been "protected." But with an anti-freeze that boiled away. What good is that kind of "protection"? Why save a few pennies on anti-freeze and spend many dollars for major repairs?

Eveready Prestone will not only save you such expense, but will give you comfort and peace of mind all Winter long. Don't confuse Eveready Prestone with glycerine or alcohol. Eveready Prestone protects against rust from 5 to 20 times longer than other anti-freezes. One shot gives full protection against rust, corrosion, and freeze-ups, no matter how warm the weather gets between the cold snaps.

Make the Nose Test: Eveready Prestone, truly non-evaporating, is absolutely odorless. "Boil-away" anti-freezes, on the other hand, can always be identified by a noticeable odor. Regardless of special "treatments," claimed to decrease evaporation, they *will evaporate rapidly* whenever the engine is running at high speeds.

Complete All-Winter Protection So Inexpensive

It's so easy and inexpensive to protect your car with Eveready Prestone (even down to 60° below zero if desired). Turn to the back cover and see on the chart how little it costs to have all-Winter, one-shot anti-freeze protection for *your* car.

TURN TO BACK COVER

is not the right to obtain a specific contract, because a contract must be the result of an agreement, and neither employees nor employers can be compelled to enter into a specific contract."

The union attitude, however, as we have encountered it, at least, is that, unless a contract is actually effectuated, there has been no "bargaining." Paul Smith, personal representative of President William Green of the American Federation of Labor, so testified under cross-examination in the hearing in Sheboygan August 30, when he said: "There can be no bargaining until one or more meetings has resulted in an agreement."

Then, immediately following this—

Question: "It was that kind of bargaining that you had in mind when you were talking about the company having refused to bargain with you?

Answer: "Yes."

This peculiar notion of "bargaining" also seems to be held by the local union and, we believe, by the American Federation of Labor.

Now, if there has been no "bargaining" until an agreement is reached, and if the employer is under compulsion of law to bargain, as the National Labor Board has held he is, then all the union need do is to make a demand and stick to it, and the employer will have to give in or else incur the penalties of the law. In other words, refusal by the employer to make a specific contract, however impossible, would constitute a refusal to "bargain."

On this kind of reasoning, there would seem to be nothing to prevent the American Federation of Labor from taking complete charge of any or all business and industrial establishments in this country. If that is what the law means by "bargaining" it is about time the American people knew it. And if that is not the meaning of bargaining, it might be salutary for the American Federation of Labor to know it.

The interpretation of 7 (a) and the interpretation of the word "bargaining" are examples of the many legal questions that are today in a nebulous state. This is partly explained by the fact that government bodies charged with administering the law are initial interpreters of the law; that they sometimes contradict each other's interpretations, as witness the conflict between NRA and the Labor Board on 7 (a); and that final interpretations by the courts are in many instances lacking.

This may account for the fact that today the principal stock in trade of labor agitators is pseudo-legalistic arguments—assertions that the law means this or that; that any employer who thinks the meaning is otherwise is flaunting the law. The argument seems to be that appeal to a higher tribunal shows contempt not only of the lower tribunal but of the law itself.

Accordingly, we have been condemned unsparingly for stating, "Kohler Company will not recognize the American Federation of Labor or any other organization as the representative of employees who do not wish to be represented by it, until, or unless, the court of last resort tells us that we are mistaken in our interpretation of the law."

Strangely enough, constitutional guaranties and statutes do not seem to count for much with labor agitators; we find them claiming that, where a strike exists, the plant has no legal right to operate; that workers who are satisfied have no right to work, that violence to prevent their working is lawful, that sworn peace officers who undertake to curb violence are themselves law violators.

If industrial and civil anarchy, which now appears imminent in this country, is to be averted, some of these questions must be settled soon.

[Since this article was written, employees of Kohler Co., in an election conducted by the National Labor Relations Board, voted overwhelmingly in favor of the Kohler Workers' Association as their agency for collective bargaining in preference to Federal Union 18545, affiliated with the American Federation of Labor.]

Co-operation

RESPECTFULLY submitted for use by that group of trade association and chamber of commerce executives who tirelessly exhort their trades and communities to co-operate:

A tire man died and went to heaven. He asked St. Peter to be shown to his old competitors of the tire business. He was told that as each group of people in the same line of business lived together, it would be easy to see them all.

Upon seeing them, he was surprised to find that they were very thin and emaciated. Dinner was served, and to his astonishment platters of delicious foods were placed before them and before anyone was seated an angel came along and strapped a long iron spoon on each arm, around the wrist and biceps, making it impossible to bend the arm. As a result they could only look at the food.

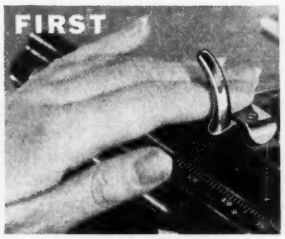
The newcomer then went to another section where the lawyers lived, and to his surprise found them all fat and rolypoly. At dinner, they, too, had spoons strapped on arms in the same manner. But he saw each lawyer dipping his spoon into the food and *feeding the man seated next to him.*

Returning to the tire group, he asked an old competitor why he didn't do the same thing, to which he replied, "What! I'm starving and I should feed that dirty crook next to me?"

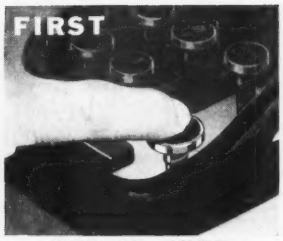
XUM



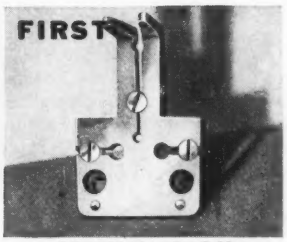
Front Stroke Visible Typewriter
All the writing in sight all the time



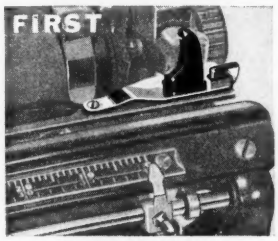
Left Hand Carriage Return
Leaves left hand in typing position



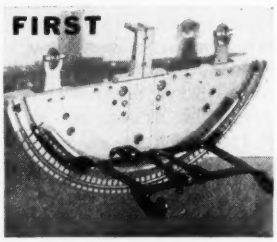
Counter-balanced Shift Keys
A mere touch shifts the cylinder



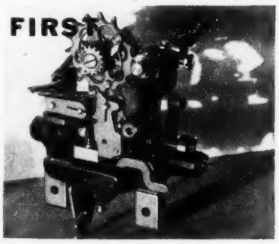
Adjustable Type-bar Guide
Enforcing alignment



Front Marginal Release
For writing beyond stop in left margin



Universal Bar in Direct Contact with Type Bar
Moves carriage without effort



Star Wheel Speed Escapement
Specially designed to speed movement of carriage

UNDERWOOD
ALL *ways Leads!*

Forty years ago... the world typed blindly upon machines that held every letter, every numeral, every symbol under cover while the typing was in process.

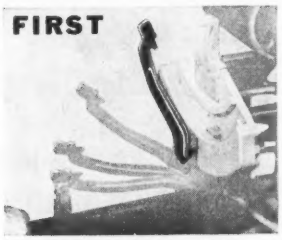
Then came Underwood... with the boon of the world's first front-stroke VISIBLE writing machine revolutionizing the typewriter industry and pioneering touch typewriting. Underwood allowed the operator to *see* all of the typing all of the time... Underwood increased a thousandfold the value of the typewriter to all.

Since that day, Underwood continuing its pioneering way, has climbed to a position of leadership in the typewriter industry. Underwood was first to equip a front-stroke typewriter with a bichrome (2 color) ribbon... first to place all operating elements *close* to the keyboard ... first to develop and use scores of new features that are essential to typewriter performance today. Just a few of these are illustrated on this page.

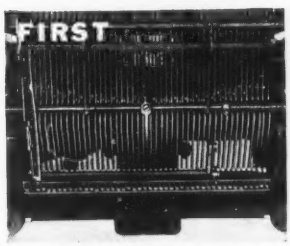
UNDERWOOD STANDARD TYPEWRITERS

There are company-owned nation-wide service facilities back of every Underwood Typewriter

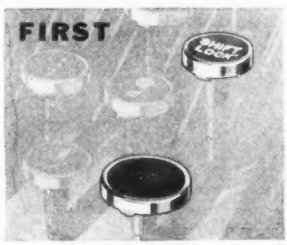
...and NOW FIRST with the CHAMPION KEYBOARD



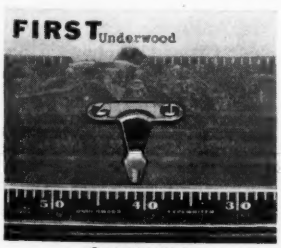
Accelerated Type-bar Action
Speeds type-bar on approach to printing point



Individual Finger Key Tension
Permits touch adjustment of each key



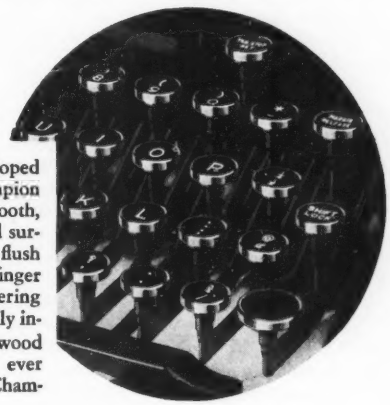
Shift Lock
Special key shifts and locks cylinder in one operation



Centering Scale
Permits quick and easy centering of headings on paper



Inbuilt Tabulator
The tabulator as *part* of the machine not an attachment to it.



A new keyboard developed by the world's champion speed operators. Smooth, slightly concave, hard surfaced key-tops with flush metal rings. Greater finger comfort...greater fingering ease... capable of vastly increased speed. Underwood today, is more than ever "The Machine of Champions."

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DOLLAR

STEAMSHIP LINES

Is Our Recovery Thesis Wrong?

(Continued from page 16)

crease in one employer's demand for labor will, therefore, be almost exactly offset by a diminution in some other employer's demand. The location of the demand curve for labor is likely, therefore, to remain nearly unchanged.

It follows, therefore, that if, in the hypothetical case illustrated in the diagram, a law were enforced setting the wage minimum for the given class of labor at 60 cents an hour, it would have been possible, in 1932, for only 40,000 laborers to obtain work. With a 50 cent minimum, 60,000 out of the 100,000 would have found employment. Even a 44-cent minimum would have sentenced 20,000 workers to perpetual idleness.

Ratio of wages is nearly constant

WHILE it is true that the elimination of the lower-paid laborers might well increase the average pay of those persons fortunate enough to find jobs, it is practically certain that the total purchasing power of the working class will be diminished because, with fewer people at work, fewer goods will be produced, and such statistical evidence as is available indicates that the amount of goods purchasable by wage-earners forms a fairly constant proportion of the aggregate of goods produced in the nation. Any gain in wages accruing to one group of wage-earners is, therefore, likely to be more than offset by losses to other groups. In short, the diminution of the aggregate of real wages is, in general, roughly proportional to the diminution in total physical product brought about by the reduction in the number of workers employed.

Whenever a legal minimum wage is higher than the market rate indicated by the crossing of the supply and demand curves, compulsory unemployment is the necessary result of enforcement of the law. Since, within a nominally homogeneous group of workers receiving a standard wage, some are much more efficient than others, the employer will dismiss first those who are least efficient.

The net result of minimum wage legislation is, therefore, to force out of employment the least efficient workers, and, in a large proportion of cases, the families of these workers become public charges, and thus increase the burden upon the taxpayers. Incidentally, of course, enforced idleness tends to breed disorder and crime. Minimum wage legislation is then decidedly injurious both to the working class and to the public at large.

The diagram makes it clear that there are only two ways of stabilizing employment:

1. To prevent the demand curve from shifting downward and to the left.
2. To offset any shift of the demand curve in this direction by shifting the supply curve downward and to the right.

Obviously no method proposed for stabilizing employment has any merit unless it affects the movements of at least one of these two curves.

Let us now examine, in the light of these facts, a number of the measures which are held to be helpful in preventing or alleviating unemployment.

Emigration of workers has not been suggested as a way of curing unemployment in the United States, but has been considered seriously in most European countries. In the United States, however, restriction of immigration is advocated as a measure for lessening unemployment. Both of these measures tend immediately to diminish the number of potential workers and hence to shift the supply curve downward and reduce the number idle. Eventually, however, these measures usually have effects exactly the reverse of those expected.

High wages and unemployment

ALL available statistical evidence shows, indeed, that unemployment is common in countries in which wages are high and the working class prosperous, and rare in countries in which the people are very poor. For example, during the last three years, we have heard much of unemployment in Great Britain, Canada, and the United States, but little of idleness in Japan, China, India, or Java.

The reason is that the latter countries are so overcrowded that wage rates are very low and most members of the working class are in poverty. When depression comes along, they must accept whatever wages are obtainable, even though such wages are insufficient to maintain any decent scale of living, because the pangs of hunger are strong enough to overcome custom, wage contracts, or union wage scales. As a result, the curve representing the supply price of labor moves readily to whatever extent is necessary to assure full employment to able-bodied workers.

Free immigration to the United States would tend to crush the resistance to wage reductions, thus forc-

ing the supply curve for labor to move downward to the right. This movement would probably be more than sufficient to offset the volume of immigration. It follows that if we were to allow immigration to flow freely into the United States we would, in the long run, probably diminish instead of increase unemployment, but we would accomplish this end by reducing the majority of our people to a state of chronic poverty. This would be worse than burning the barn to get rid of the rats.

The highest rates of unemployment are found, not only in the most prosperous nations, but as a rule characterize those occupations in which the workers, when employed, receive high pay. In the early stages of a depression such workers usually have either savings or credit in amount sufficient to enable them to refuse to accept wage cuts, and hence, as the demand curve shifts downward and to the left, many find themselves idle. Unemployment insurance and poor relief tend to place the poorer paid classes in the position of vantage normally occupied by the aristocracy of labor only.

Relief makes wages high

FURTHERMORE, as long as the dole is continued or liberal poor relief is available, a large proportion of working class families can hold out for customary wage rates or union scales, even though it is impossible for industry to employ at those rates the entire available supply of labor. If several members of a family receive insurance allowances, the family may live in comparative comfort with no one working.

Frequently, however, the wife, and perhaps one of the children, works at sub-union wages. Their earnings, together with the insurance money coming to the head of the family, enable him to hold out indefinitely for employment at the union wage scale. A liberal insurance or relief system therefore makes it reasonably certain that, whenever the demand curve shifts downward and to the left, unemployment will persist until the curve returns to its old position.

As previously stated, English experience since 1920 provides an excellent illustration of this principle. During the inflation period after the World War, the unions succeeded in establishing standard rates of pay far higher than any hitherto known in England. These high rates have been maintained successfully ever since, despite the fall in the price level. The result is that unemployment has persisted on a large scale during the dozen years which have passed since the depression of 1921.

Had it not been for the dole system, most workers would long ago have been compelled to accept any wage obtainable. The English situation supplies, then, clear evidence of the fact that unemployment insurance insures unemployment.

Doubtless the reason that, in the United States, the present depression has broken all records for volume of unemployment is that poor relief has been available on a scale never before deemed possible. In some cities, in fact, the amount paid weekly to a man employed on so-called "made work" for three days a week has been as much as an ordinary workman could have earned by working ten hours a day for six days at a date as late as 1905.

The providing of poor relief on such a scale has, of course, been made possible only by the unparalleled prosperity of the United States during the last decade, a prosperity which built up among the well-to-do classes great reserves of wealth which have since been drawn upon heavily for the relief of the idle. Were there not many of such relatively wealthy persons, relief funds could not have been raised, the supply curve would long ago have shifted downward to the right, and unemployment would have disappeared.

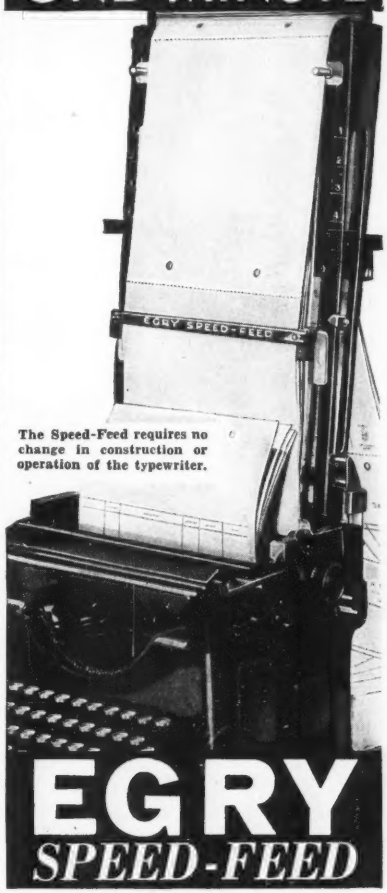
Insurance that isn't sound

A FURTHER decided shortcoming of unemployment insurance is that it cannot be organized on an actuarial basis. No country has yet found it feasible to collect premiums large enough to take care of the insured during a severe period of unemployment. Usually, indeed, the available money is mostly used each year to pay for seasonal unemployment, and no considerable funds are accumulated for times of severe stress.

Another serious weakness, from the standpoint of the unemployed man, is that benefits are paid for a limited time. Thus, after the worker has been unemployed for say three months, benefits are discontinued. Meanwhile, his need for help has been increasing. In practice, the state is then called upon to pay a dole.

Since unemployment insurance and charity blend into one another, they may both be treated as subheads of the same general category. The really fatal weakness inherent in both unemployment insurance and charity is that neither of these devices has any tendency to eliminate unemployment—to set people to work producing the goods needed by society at large. On the other hand, both help to cultivate habits of idleness and hence to stimulate unrest, riots, and crime in general. From the social standpoint,

MAKE YOUR TYPEWRITER a BILLING—MACHINE in ONE MINUTE



The Speed-Feed requires no change in construction or operation of the typewriter.

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That's all it requires—one minute—to put billing machine performance into your typewriter, and do work comparable with high priced equipment. Speeds up the output of typed forms as much as 50%. Uses Egry Continuous forms. Eliminates use of costly pre-inserted (one-time) carbons. Keeps all forms in perfect alignment. Snaps on or off in an instant. Saves time, labor, money. The cost? Less than you would pay for a good pair of shoes. Get all the facts. Write for demonstration in your own office. No obligation involved.

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Dayton, Ohio NB 11,
Send information on Speed-Feed. You may demonstrate to us.
NAME.....
ADDRESS.....
CITY.....
BUSINESS.....
Sales Agencies in all Principal Cities.

How Good Are Your

YOUR best customer in 1929—how good is he now? How good will today's best customer be next year?

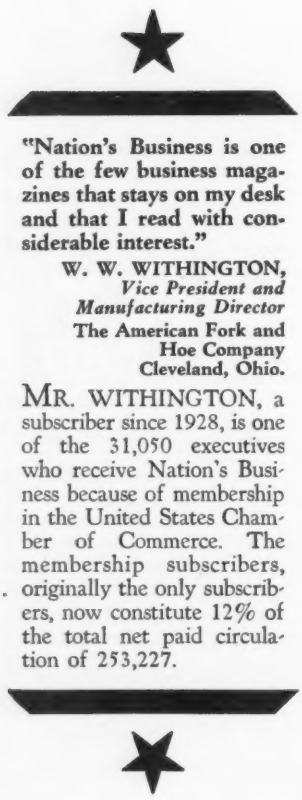
Your small prospect may soon grow to be a big customer. But which small prospect?

New men starting new business . . . new factors coming into old accounts. How will they feel about you? How much looking around, experimenting, trying new things, will they want to do?

Selling would be simple if you always knew where to expect orders. But markets and personnel change constantly.

To be safe, add "carry-through" to your sales plan. Supplement the work of your salesmen with advertising that will reach unknown and unsuspected sources of business, as well as known markets.

To stay in business you must go where business is known to exist. But to grow, you must go, also, where



"Nation's Business is one of the few business magazines that stays on my desk and that I read with considerable interest."

W. W. WITHINGTON,
Vice President and Manufacturing Director
The American Fork and Hoe Company
Cleveland, Ohio.

MR. WITHINGTON, a subscriber since 1928, is one of the 31,050 executives who receive Nation's Business because of membership in the United States Chamber of Commerce. The membership subscribers, originally the only subscribers, now constitute 12% of the total net paid circulation of 253,227.

Good Customers?

business may be, today, or next year. You must reach every possible person of influence—spread your sales story all across the field of American business.

Be sure that it penetrates to all those influential individuals who initiate, investigate and recommend. Spread it widely enough to give yourself opportunities for new business. Just coverage of known customers isn't enough. One subscription to each firm in your known markets may be coverage. Three, four or more subscriptions in firms large and small in all fields of activity is penetration.

That is what NATION'S BUSINESS *offers. City by city, industry by industry, firm by firm, name by name,* NATION'S BUSINESS *can show economical and adequate penetration.*

It is the only business magazine that ranks with the builder-salesman in the carry-through job it can do. In circulation, in reader regard, and in low cost, its leadership is unquestioned.



The only magazine for business men that carries through all American business.



NATION'S
BUSINESS
WASHINGTON
E. V. THOMPSON · Director of Advertising

RELIEVE ACID INDIGESTION WITHOUT HARSH, RAW ALKALIES!



Millions Have Found Faster, Surer Relief In New-Type Mint

HEARTBURN is distressing. But there's no longer any need to resort to harsh alkalies in order to relieve a sour stomach, gas, or after-eating distress.

Strong, water-soluble alkalies taken in excess may change the stomach juices *completely*—slowing up digestion instead of helping it.

The new, advanced, most effective and *safe* relief for acid stomach is TUMS. TUMS contain no soda or any other water-soluble alkali—instead this candy-like mint contains an unusual antacid soluble only in the presence of acid. When the excess acid in the stomach is neutralized, the remainder passes on undissolved and inert. No danger of alkalosis or kidney poisoning from TUMS.

Try TUMS—3 or 4 after meals, when distressed. Eat them just like candy. You'll be grateful for the wonderful relief. 10c a roll at all drug stores. 3-roll carrier package, only 25c.

Free 1935 Calendar-Thermometer, beautifully designed in colors and gold. Also samples TUMS and NR. *Send stamp for postage and packing to* A. H. LEWIS CO., Dept. 16SK R St. Louis, Mo.

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therefore, neither can be considered remedial. Both must be regarded as dangerous habit-forming opiates. Provisions for shortening weekly working hours and spreading work are widely advocated by the technocrats and their confreres, the overproductionists, because these groups believe that such measures will fit the supply of labor to the demand—a demand which they believe to be limited by the people's consuming power.

Work-sharing checks competition

WHILE this theory of limited consuming power is, on its face, preposterous, it is nevertheless true that, in times of depression, when the demand curve has shifted downward and to the left, work-sharing will increase the percentage of the population having jobs—though only part-time jobs.

Reduction of the jobs of the more efficient workers from a full-time to a part-time basis will lower the scale of living of these high-grade workers. On the other hand, it will give part-time work at standard wage rates to the less efficient laborers who would otherwise have no work. They will, therefore, be prevented from reaching that state of poverty which would compel them to accept work at any wage obtainable. Work sharing, therefore, tends to make the labor supply curve more immobile than it would be under conditions of free competition and hence, like other forms of charity, tends to prolong the period of unemployment.

One of the most advocated measures designed to restore the demand curve to the position which it occupied in prosperous times is the construction of public works. This program is usually accompanied by a proviso that labor shall be hired at the highest prevailing rates. Such a rule obviously tends to retain the supply curve in its original position rather than to shift it downward and to the right. The only way for the typical public works program to relieve unemployment is, then, for it to shift the demand curve upward and to the right. To do this it must create a genuine new demand for labor.

Whether such a new demand is created depends primarily upon the source from which the Government draws the money. If it gets it by taxing or borrowing funds that would otherwise be spent for consumption goods or invested in industry, it merely substitutes public for private expenditures and hence there is no tendency to increase the total volume of employment.

If, on the other hand, the Government gets funds which are on deposit by individuals, but which the owners fear to invest and will not spend, the velocity of circulation of money will be increased and employment stimulated. Since it is, of course, difficult to determine in advance the status of the funds which the Government can obtain through taxation or borrowing, it is impossible at any given time to know whether a public works program will or will not shift the demand curve for labor upward and to the right, and thus increase the volume of employment.

A national Government usually has available the alternative method of financing public works by inflation of the currency or of bank deposits. Since an increase in the total volume of circulating medium tends, obviously, to increase the amount of funds available either to hire labor directly or to buy supplies, it thereby tends to increase the total volume of employment. Clearly, however, the effectiveness of inflation in increasing employment is no greater if the new funds are spent for public works than if they are used by either the Government or private parties in the purchase of commodities in general. Furthermore, there is no special advantage in hiring labor directly rather than in buying goods, for as economists have explained, a demand for the products of labor quickly gives rise to a demand for labor.

When, in time of depression, a Government is seeking to stimulate employment, there are two conditions, and two only, under which it is logical for the Government to concentrate its efforts on public works:

1. It may be that the need for public works is greater than the need for other commodities or services. If so, the lowered cost during the period of depression will justify a public works program. This situation is probably rare, for in depression times, production in most fields is usually very low, and the need for public improvements not especially urgent.

2. The construction industry may be depressed relatively more than other industries. This condition commonly prevails. Under such circumstances, activity in government projects tends to offset stagnation in private enterprises and prevent the necessity of shifts of employers and employees from construction to other fields. If, by long-range planning, governments arranged to construct most of their necessary improvements in times when private construction was far below normal, and to curtail public construction sharply when private construction was active, the construction industry might be stabilized to a marked degree.

From what has just been said, it seems obvious that a public works program can be made to play a desirable role in plans to stabilize employment, but that, legitimately, it must be regarded merely as one phase of a wider campaign.

[Mr. King has discussed in *Social Science* for April, 1934, various other possible methods of stabilizing employment.]

XUM


Building the
quality-look into the
PACKAGES
of quality
PRODUCTS
None but the most highly trained engravers, colorists, pressmen—none but the most advanced equipment—none but the finest inks available—these are what have put Canco first in the field of lithographed containers. To make your package the best possible advertisement for your product, Canco offers the best that skill can produce or money can buy.
In buying cans, remember: ABILITY to serve you well is as important as the WILL to serve you well.
AMERICAN CAN COMPANY
230 PARK AVENUE
NEW YORK

IT is significant that the roll of firms which prefer C.I.T. Financing Service includes the names of leading manufacturers and merchants in dozens of diverse industries.

They know that C.I.T. Deferred Payment Plans are sound Plans, because they embody the knowledge and experience which this institution has accumulated in twenty-five years of association with all phases of credit merchandizing. That record is assurance that the C.I.T. Plan submitted for your product will protect your interests, as well as those of the consumer.

"Bankers to Industry Everywhere"

Affiliated Operating Companies with Head Offices in New York, Chicago, San Francisco, Toronto, Canada. Also Completely Functioning Local Finance Offices in the Principal Cities.

COMMERCIAL INVESTMENT TRUST
INCORPORATED

Executive Offices: One Park Ave., New York

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CAPITAL AND SURPLUS OVER $70,000,000



What Bankers and Investors Discuss

THE BANKERS of the country are awaking to the need of some unified action if they are to keep in this country a private banking system instead of a political one under government control. One thing the bankers are realizing is that a program solely of denunciation will get them nowhere. They must have a plan of building up. Some of the discussion turns on the possibility of a complete unification of the banking system with possibly the elimination of state banks.

Another suggestion is that higher standards for posts of importance in the banking world be set up. We are so used to making bankers out of business men of all types that it is difficult for most of us to conceive of banking as a profession which, like medicine and the law, could only be entered after preliminary studies and examination.

Bankers themselves, however, gave currency to the phrase common before the depression, "This country suffers from too many banks and too few bankers."

Bankers get a shock

BANKERS were rather startled by Irving Fisher's suggestion that as a backbone of a new banking program every commercial bank be required to keep its cash reserve up to 100 per cent of its checking deposits.

To most of us that would seem to bring a bank into a sort of dead center, to make it a glorified safe deposit box.

A new college course needed?

WASHINGTON is full of talk of unifying government banking functions perhaps as a preliminary step toward a permanent government banking system. Few realize the extent to which the Government has invaded banking. In a recently published list of important government agencies and their alphabetical equivalents appear these with banking functions:

CCCorp.—Commodity Credit Corporation
EHFA —Electric Home and Farm Authority—(installment selling)
FCA —Farm Credit Administration
FFMC —Federal Farm Mortgage Corporation
FICB —Federal Intermediate Credit Banks
FDIC —Federal Deposit Insurance Corporation
FHLBB —Federal Home Loan Bank Board
FHA —Federal Housing Administration—(guaranteeing part of renovation loans, etc.)
HOLC —Home Owners Loan Corporation
PWA —Public Works Administration (loans to communities, etc.—dealing in bonds)
PWEHC—Public Works Emergency Housing Corporation
RACC —Regional Agricultural Credit Corporation
RFC —Reconstruction Finance Corporation

Undoubtedly there are others. Perhaps the Subsistence Homestead Division of PWA should be included in this list. It hopes to make long-time loans on individual dwellings in these projects.

The schools of business administration at our leading universities might do well to include courses in government banking. It looks as if there might soon be more banking jobs in the Government than in private banks at the present rate of expansion.

He who gets "soaked"

THE right of PWA to advance public funds for the building of utilities in competition with existing privately owned companies has been challenged in the courts and the Government has lost the first round.

The injustice to owners of the existing companies would seem to be plain and if anyone is inclined to think that only a few rich men will be affected and that they ought to be "soaked," he would do well to look at the figures of ownership of the stock of Consolidated Gas of New York. Of its 95,000 stockholders 75,000 owned less than 100 shares each. Among other common stockholders were 149 insurance companies, 95 educational institutions, 119 charitable institutions, and 76 religious institutions. In addition there are hundreds of thousands of shares held in trust.

It is the every-day man and woman with life insurance policies, savings bank deposits, and home ownership who really hold the wealth of this country.

Brokers turn to commodities

GAMBLING, speculation, investment—how they overlap and how hard it is to tell one from the other: The stock market has been in the doldrums. Sales were measured by the hundred thousands where once they were measured by the millions. Commodity markets blossomed and men who once bought stocks turned to trading in silver, in wheat, even in butter and eggs. It surprises an old-fashioned man to see advertisements offering "our services in buying a carload of butter for future delivery."

Newest of these markets is in tobacco: "Unit of trading 10,000 lbs. Quotation in cents and five one-hundredths of a cent per lb."

More than one brokerage house will tell you that it is doing more business in commodities than in shares registered on the Exchange or the Curb.

Our Government fixes a price on silver and in Canada a silver exchange is opened to take advantage of a world market.

And comes J. P. Warburg in his new book "It's Up to Us," and suggests that open markets for commodities should be extended rather than decreased.

"Why not," he asks, "a market for futures in the first stage of manufactured cotton—gray goods?"

When is a man gambling?

GAMBLING seems an inherent instinct in the human race. New York City sincerely proposes a lottery as a means of raising taxes—a reversion to Colonial days when colleges were built and alms houses endowed by legal lotteries.

The New York plan was beaten but the outlets for gambling have grown, not lessened. In New York, race track betting was legalized. Staid New England, long barred to racing plus betting, has two lively tracks with open gambling within easy reach of Boston.

Horse and dog tracks have sprung up in dozens of states. It is estimated that, in spite of restrictions by the Treasury and the efforts of postal authorities to prevent it, millions of dollars are sent out of this country every year in payment for tickets on the various foreign "sweepstakes."

An evil thing gambling? Well, it's human and the business man who stocks up in advance expecting prices to go up or who declines to buy expecting prices to go down—is he gambling?

When the Bees Tried Socialism

MR. UPTON SINCLAIR, candidate for Governor of California, honors me with copies of his publication. In them I find a plan of a new industrial system. He has chosen as the emblem of his movement not an elephant or a donkey or a bull moose, but the honey bee.

This led me to recall a similar plan to change the social and economic order set forth by Rudyard Kipling just 25 years ago in "The Mother Hive." Kipling has been credited as a prophet and his "remarkable rightness" has often been commented upon. I reread his story and am wondering if the choice of the bee by Mr. Sinclair has not in it a certain element of irony when viewed in the light of Kipling's description of the devastation wrought by a similar experiment in a working bee-hive.

Socialism creeps in

INTO this hive there crept a little gray wax moth (representing socialistic ideas). The moth had waited her chance and scuttled in like a ghost and, knowing the senior bees would turn her out at once . . . consorted with youngsters who had not yet felt the chill winds of honey-gathering . . . but sat around discussing Life.

The moth laid an egg. When the young bees, through instinct, protested that she mustn't lay eggs, she replied that they were not eggs but principles. And that when her principles developed there would be a new social order and a New Day.

When the oldsters queried the youngsters as to the presence of a death's-head moth, the youngsters, who had not recognized the chaste wings of the moth, thinking that a death's-header was like a blood-red dragon fly, did not report her presence. The moth gathered together the youngsters and day by day taught her subversive doctrines, arousing dissatisfaction among the workers. The bees first refused to chew wax. The moth quoted Cheshire, Root and Langstroth, professors who had written books about the making of hives, and the youngsters cheered and said: "Those three know all that there is to be known about making hives. One or t'other of them must have made ours, and if they've made it, they're bound to look after it."

Then the eggs began to hatch, Oddities all, "drones with workers' stomachs, workers with drones' stomachs, and Albinos and mixed-leggers who can't pack pollen."

There was an effort, feeble, on the part of the oldsters to restore the morale and sound thinking of the hive, but the wax moth cried:

"Tut! Tut! You good, fat people always prophesy ruin if things don't go exactly your way. But I grant you there will be changes."

The Hive is ruined

KIPLING then pictures the changes. When the moth eggs hatched, the wax was riddled with little tunnels, coated with the dirty clothes of the caterpillars.

When the caterpillars became moths, they made friends with the ever-increasing Oddities — albinos, mixed-leggers, single-eyed composites, faceless drones, half-queens and laying sisters; and the ever-dwindling band of the old stock worked themselves bald and fray-winged to feed their queer charges. Most of the Oddities would not, and many could not, go through a day's fieldwork; but the wax-moths, who were always busy on the brood-comb, found pleasant home occupations for them. One Albino, for instance, divided the number of pounds of honey in stock by the number of bees in the Hive, and proved that if every bee only gathered honey for 7¾ minutes a day, she could have the rest of the time to herself and this would provide enough honey for the Hive.

Another, an eyeless drone with no feelers, said that all brood-cells should be perfect circles instead of the old-fashioned six-sided cell. They tried the new plan for a while but found it cost eight times more wax, and as there was not enough wax, because of decreased production, the New Day-ers stole varnish from new coffins at funerals, "and it made them rather sick." When the sound bees warned them that ill-gotten gains never prosper, the Oddities "investigated" them and balled them to death. That was a punishment they were almost as fond of as of eating.

Kipling reproduces the conversation of the small band of workers:

$16,100,000

BEING TAKEN AWAY FROM INVESTORS

Reductions in residential electric rates since 1928 are taking away from investors annually	$6,000,000
This is a saving of only 2c a day for the average residential electric customer.	
Reductions in commercial and industrial rates since 1928 are taking away . .	3,800,000
Increases in taxes at the rate of $9,000 a day since 1928 are taking away from investors	3,300,000
The recent change in the corporation income tax law, it is estimated, will this year take away.	3,000,000
Total being taken away from investors in the Associated System in one year .	$16,100,000

The principal result of these forces is to impair the savings of a large number of thrifty small investors. When, however, the far-reaching consequences are sufficiently realized by investors, and their protests become sufficiently vigorous, they will receive the consideration they deserve.

Look for a discussion of these problems in the October issue of the Associated Magazine, which is a special security holders' number. The magazine is sent free to all Associated security holders. Others may obtain it for 10c.

ASSOCIATED GAS & ELECTRIC SYSTEM
61 BROADWAY, NEW YORK

"I don't see how they get this seven minutes a day; I've been working on this old-maid dandelion for six hours and have only half a load."

Another bee said: "I don't mind feeding them, but I hate to have them continually preach at us after they are fed."

"I don't mind that," replied another, "as much as the silly song they sing—'Work among the merry, merry blossoms,' and not one of them has been beyond the gate."

Later, lugging in a load of honey, the workers heard the Oddities on the alighting-board sing songs of the New Social Order and the beauties of the New Day. (To an untrained ear it sounded like the hum of a working hive, but the honey had been eaten up long ago and the Hive was living day by day on the increased efforts of the diminishing band of workers.) An Oddity chanted:

We have created a new Heaven and a new Earth. Heaven, cloudless and accessible and Earth teeming with the merry, merry blossoms, waiting only our honest toil to turn them all to good. The—er—Aster, and the Crocus, and the—er—Ladies' Smock in her season, the Chrysanthemum after her kind, and the Guelder Rose bringing forth abundantly withal.

One of the working bees stopped, awe-struck. "Good Lord! I knew they didn't know how honey was made, but they've forgotten the Order of the Flowers! What will become of them?"

What became of them was as predicted. The bee-keeper took a look at the hive one day and said, "This isn't a hive, this is a monstrosity," and cleaned it out. Spiders, caterpillars, earwigs—a blotched, bulged and perished horror of grey wax, corrupt brood, and small drone-cells, all covered with crawling Oddities. He found the hive full of artificial foundations, the whole gummed and glued into twisted scrapwork, half cells, beginnings abandoned, or grandiose, weak-walled, composite cells pieced out with rubbish and capped with dirt.

A little swarm of workers escaped and clustered on the bough of a nearby oak.

At dawn one wax-moth came by, fluttering impudently, and said: "There has been a miscalculation about the New Day, my dears. One can't expect people to be perfect all at once. That was our mistake."

"No, the mistake was entirely ours," said a bee.

"Pardon me," said the wax-moth. "When you think of the enormous upheaval—call it good or bad—which our influence brought about, you will admit that we, and we alone—"

"You?" said the bee. "Our stock was not strong. So *you* came—as any other disease might have come. Hang close, all my people."

The note of encouragement Kipling puts in the last sentence: When the sun rose, the little swarm at the bough's end was waiting patiently within sight of the old Hive—just a handful, but prepared to go on.

The complete story is found in the volume, "Actions and Reactions."

—M. T.

The Red Cross Roll Call

AN INSTITUTION that depression doesn't stop: that disaster merely encourages to redoubled efforts is the Red Cross. It has given one out of every five persons in the United States direct relief in the past five years. These were victims of unemployment, drought, tornado, flood, earthquake and other catastrophes.

An average of 100 disasters each year call for Red Cross aid to thousands of sufferers, who are given food, clothing, shelter, medical aid and help in regaining self-support.

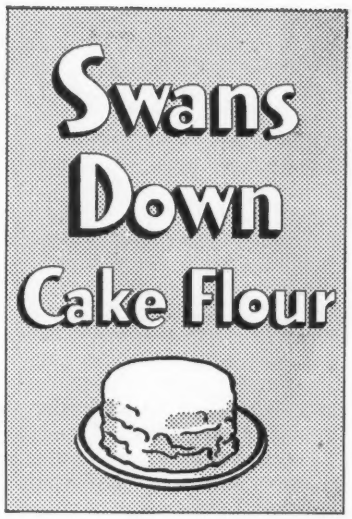
Each year a quarter million disabled ex-service men and dependents, and men in the regular Army, Navy and Marine Corps and their families receive the friendly assistance of the Red Cross worker.

Red Cross public health nurses visit the sick in city and rural homes. They have aided at the birth of more than 19,000 babies in the depression years and also made 1,289,000 visits to or in behalf of more than 100,000 maternity cases. These nurses have discovered and checked conditions of malnutrition for thousands of children.

In homes and in institutions the blind are provided with braille literature through the skill of Red Cross braille workers who print thousands of these books.

To carry on this humanitarian work, more than 100,000 men and women volunteer their services through the 3,700 chapters and 10,000 Red Cross branches which cover the nation.

Four million men and women join the Red Cross as members each year during the national roll call between Armistice Day and Thanksgiving. Their membership dues provide the funds for Red Cross work.



The largest selling cake flour in America. On the market for 38 years.

One of the products of

GENERAL FOODS

250 PARK AVENUE
NEW YORK CITY

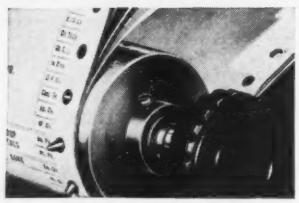
GF

"The cost of advertising in NATION'S BUSINESS is surprisingly low!"



The Political Spotlight
Home of celebrities—the axis of colorful happenings in world's most eventful city. Request rates.
The WILLARD HOTEL
"The Residence of Presidents"
Washington, D. C.
H. P. SOMERVILLE, *Managing Director*

"Would not hesitate to recommend KANT-SLIP FORMS" says ARMCO



Utmost speed and accuracy in handling orders is important to the American Rolling Mill Company. For this purpose Kant-Slip forms are used.

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"We are entirely satisfied with the service rendered and the uniform high quality of Kant-Slip forms. We would not hesitate to recommend them for use in any record system such as ours."

This is a real tribute. Standard's Kant-Slip forms are used on typewriters, billing, accounting and tabulating machines, and teletypewriters. There may be an application in *your* business where elimination of form slippage, accurate registration and efficiency is important. Write us today for complete information.

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Use margin below for coupon — write name, company and address; and mail.

★THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

A Check-Up on Successful National Advertisers of 1923

IN 1923 the Periodical Publishers Association issued a study entitled "300 Trade-Marks That Stand Out Conspicuously Among the 160,000 That Have Been Registered." A similar study—"Nationally Established Trade-Marks"—has just been completed.

All of the companies included are national advertisers for whom magazines have played an important or predominant part in establishing the trade-mark with consumers. The number eligible for inclusion in the present study is double that of 1923.

Of the 267 companies represented in the study of 1923, 259, or 97%, are in business today—despite the well-known depression.

Of these, 44 have been sold or merged into other companies. Most of them had been so successful as to be desired by such organizations as General Foods Corporation. The trade-marks of 36 of the 44 companies are still actively in use.

The names of 26 of the original 267 companies were changed without merging—17 of these taking the name of the advertised product as the new firm name.

Of the 259 companies, 203 (78%) advertised in magazines in 1933—or the trade-mark was so advertised in the case of merged companies. Several of the remaining 56 companies have resumed magazine advertising in 1934.

From the above facts, some conclusions seem fairly obvious:

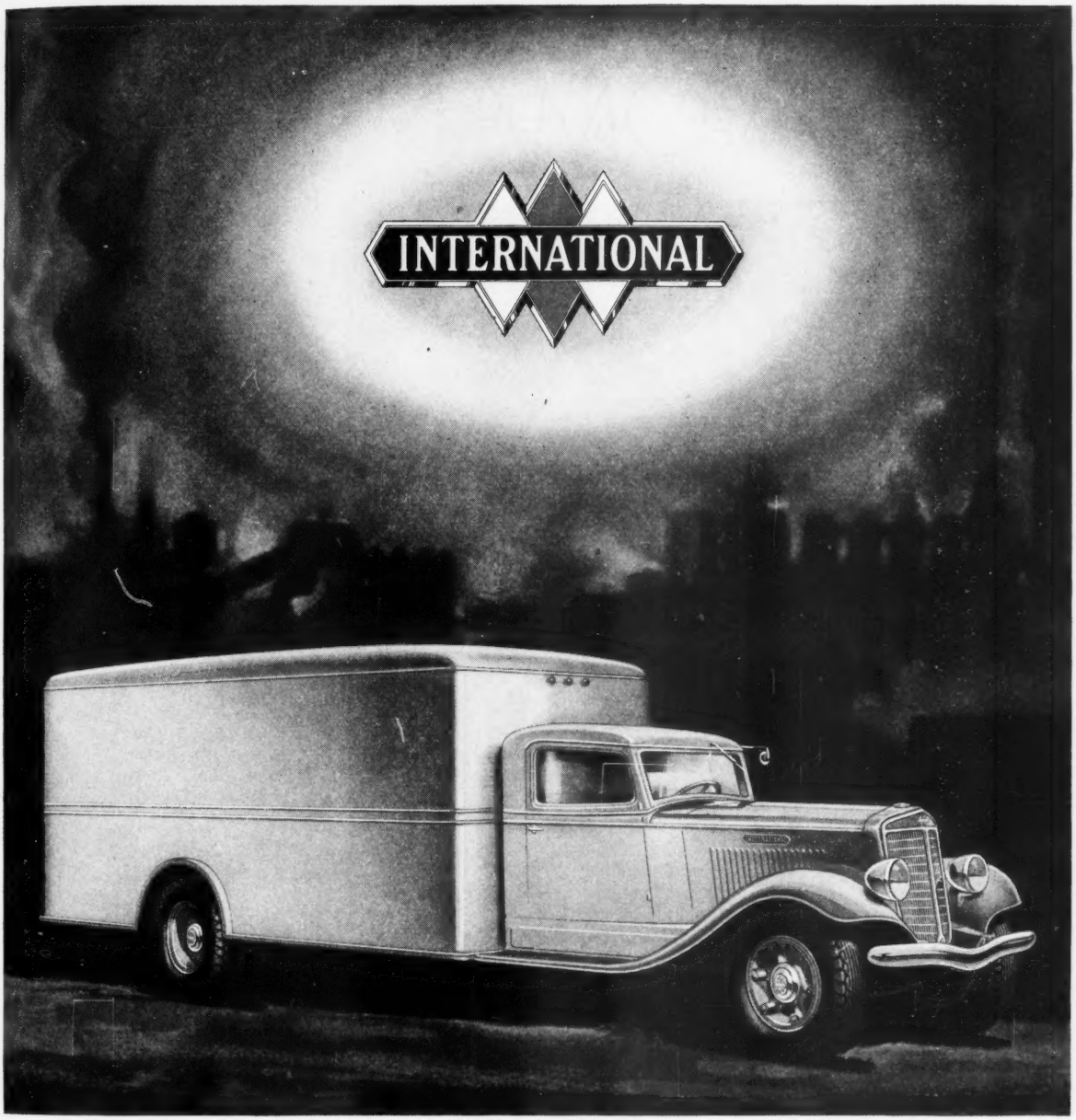
1. Firms which had nationally advertised goods with established trade-marks showed a surprising vitality.
2. Companies which advertise nationally long enough to establish a trade-mark tend to become confirmed and consistent advertisers even in a depression.
3. These companies also tend to become confirmed users of national magazines.

R. E. RINDFUSZ
Executive Secretary
Periodical Publishers Association

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BEAUTY THAT IS MORE THAN PAINT DEEP

OF course you will insist on good looks when you buy a truck, because looks are important these days in building commercial prestige. But beauty without backbone is a bad bargain. So, before you buy a truck make a thorough check to be certain that the beauty is more than paint deep. International invites you to subject any truck in its line to the most rigid examination, both inside and out. Let your own eyes furnish the testimony. See for yourself the clearly visible evidence of rugged strength and engineering skill. Learn *why* an International can give such dependable truck performance, and such economical truck operation. Finally, to make your examination complete . . . pick out the truck that meets your needs, and give it a try-out on your own job. International sizes from ½-ton up; bodies for all loads. Chassis prices, f. o. b. factory, from $390 up. At all International branches and dealers.

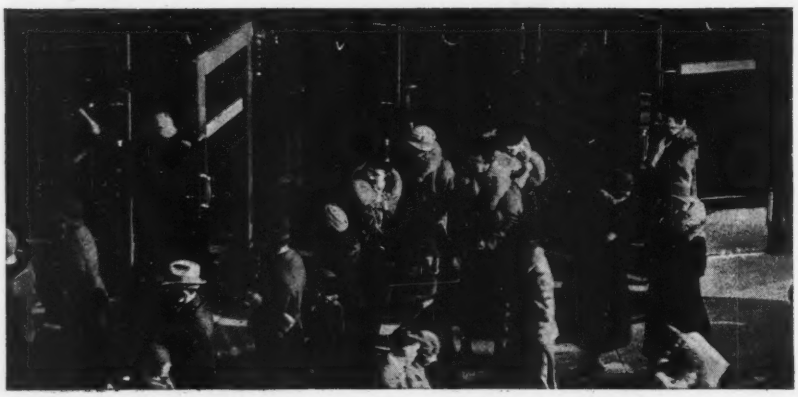
INTERNATIONAL HARVESTER COMPANY OF AMERICA, INC.
606 South Michigan Avenue, Chicago, Illinois

INTERNATIONAL TRUCKS

THE WOMAN ANGLE



★ THREE OUT OF EVERY FIVE lines of advertising placed by the upstairs women's clothing departments of Chicago Loop department stores in the first eight months of this year were carried by the Chicago Tribune.



★ MORE WOMEN read the Tribune. Which is why, during the first eight months of 1934, Chicago women's clothing stores placed 132% more advertising in the Tribune than in any other Chicago newspaper.



★ BECAUSE IT PAYS OUT BETTER, the upstairs toilet goods and drug departments of Loop department stores during the first eight months of this year placed more advertising in the Tribune than in all other Chicago newspapers combined.



Because they have found in the Chicago Tribune a newspaper which covers the full range of their interests in news and in features, more women in Chicago and suburbs read the Tribune than read any other Chicago newspaper. Influencing more women—and more women with money to spend—the Tribune produces better results for advertisers. Consequently the Tribune carries more advertising addressed to women—and more total advertising — than any other Chicago newspaper. Ask a Tribune representative to give you the complete facts.

CHICAGO TRIBUNE

THE WORLD'S GREATEST NEWSPAPER

r, 1934

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